

## REQUEST LETTER

December 2004

04-025  
NAME  
ADDRESS  
PHONE  
FAX

Dear NAME

COMPANY is requesting written guidance regarding the sales tax exemptions allowed to its lease and rental customers.

COMPANY is engaged in the business of leasing and renting trucks ranging in weight from 10,000 lbs GVW to 80,000 lbs. GVW to its customers. Rentals generally last for no more than a few weeks while leases are generally for periods of three years or more.

Vehicles leased and rented to customers are titled and registered to COMPANY name. A portion of the fleet has been issued credentials in COMPANY name under the international Registration Plan ("IRP") and the International Fuel Tax Agreement ("IFTA").

COMPANY customers are either common, contract, or private carriers that may not have IRP and IFTA credentials. Under §59-12-102(8), Utah Code Annotated, authorized carriers holding credentials are exempt from sales tax on their purchase, lease or use of motor vehicles.

Our question has to do with whether a customer can rent or lease a truck exempt from Utah sales tax when the IRP and IFTA credentials are under COMPANY name? Please provide statutory, judicial or administrative support for your conclusions.

Please mail your written response to 'COMPANY, ADDRESS.

If you have questions, please call me at PHONE or e-mail me at [EMAIL](#) ADDRESS.

Sincerely,

NAME  
Sr., Tax Accountant  
PHONE

## RESPONSE LETTER

December 2, 2005

NAME  
COMPANY  
ADDRESS

RE: Private Letter Ruling Request –

Dear NAME,

We have reviewed your request regarding a possible sales tax exemption for COMPANY vehicles with an International Registration Plan (IRP) or International Fuel Tax Agreement (IFTA) credential in COMPANY name, when such vehicles are rented or leased to a third party not having an IRP or IFTA credential. You want to know if COMPANY credential creates a sales tax exemption for the non-credentialed third party renting or leasing the credentialed truck.

Our answer is based on two sections of the Utah Code. §59-12-102 (8) states authorized carrier means “(a) in the case of vehicles operated over public highways, the holder of credentials indicating that the vehicle is or will be operated pursuant to both the International Registration Plan and the International Fuel Agreement.” §59-12-104 (35) provides a sales tax exemption for “sales or leases of vehicles to, or use of vehicles by an authorized carrier.”

As we understand your request, not all those renting or leasing the trucks are authorized carriers. The key is the status of the carrier purchasing, leasing, or using the vehicle. Under §59-12-104 (35), only authorized carriers purchasing, leasing, or using vehicles are entitled to the exemption from sales tax. That there may be a certification associated with the vehicle does not control. The status of the carrier contracting with you does.

If an authorized carrier purchases, leases, or uses one of COMPANY vehicles to be “operated pursuant to both the International Registration Plan and the International Fuel Agreement,” that purchase, lease, or use is exempt from sales tax. If an authorized carrier purchases, leases, or uses one of COMPANY vehicles, but does not operate it pursuant to both the IRP and IFA, the exemption found in §59-12-104 (35) does not apply.

If anyone other than an authorized carrier purchases, leases, or uses one of COMPANY vehicles, the exemption found in §59-12-104 (35) does not apply. This is so regardless of whether COMPANY is an authorized carrier and legal owner of the vehicle. The status of the lessee or purchaser and how it operates the vehicle are the controlling factors, not COMPANY status.

We suggest that COMPANY require lessees and purchasers to provide a properly completed copy of form TC-719 (copy enclosed) before excluding sales tax from the price paid by the lessee or purchaser. In the absence of a properly completed TC-719, we recommended COMPANY assess and remit sales tax. TC-719 is also available on the Internet at <http://tax.utah.gov/forms/current/tc-719.pdf>. It may be completed on-line.

Should the facts be different from those represented in this letter, our opinion may change accordingly. Thank you for your inquiry into this matter.

For the Commission,

Marc B. Johnson  
Commissioner

MBJ/SR  
04-025