

Motor Vehicle Rental Tax Guidebook

2008



Susan Combs Texas Comptroller of Public Accounts

Table of Contents

Introduction	1
Definitions.....	2
Bad debt.....	2
Fair market value.....	2
Fair market value deduction	2
Farm machine.....	2
Gross rental receipts.....	2
Gross Rental Receipts Tax (Rental Tax).....	2
Minimum Gross Rental Receipts Tax (Minimum Tax or Minimum Rental Tax).....	2
Mobile Office.....	2
Motor vehicle.....	2
Out-of-state rental.....	2
Person.....	2
Possession owner	2
Rental.....	2
Replaced vehicle	2
Taxable value	3
Texas rental.....	3
Timber machine.....	3
Title owner.....	3
Registering Vehicles For Rental	4
Tax Paid at Registration.....	4
Tax-Free Registration.....	4
Fair Market Value Deduction	4
Example of Application for Texas Certificate of Title (Form 130-U).....	5
Exemptions, Bad Debts and Reimbursements	6
Exemptions	6
Exemption Certificate.....	6
Bad Debts.....	6
Reimbursement	6
Example of Motor Vehicle Rental Exemption Certificate (Form 14-305, back).....	8
Example of Texas Motor Vehicle Rental Tax Return (Form 14-103, front).....	9
Example of Texas Motor Vehicle Rental Tax Return (Form 14-103, back)	10
Minimum Tax.....	11
Destroyed or Stolen Vehicles.....	11
Credits against Minimum Tax	11
Verification Certificate.....	11
Recordkeeping.....	11
Credits Nontransferable.....	11
Example of Texas Motor Vehicle Rental Tax Return – Supplement (Form 14-104, front)	12
Example of Texas Motor Vehicle Rental Tax Return – Supplement (Form 14-104, back).....	13
Example of Motor Vehicle Verification Certificate for Rental Tax (Form 14-305, front)	14

Tax Returns	15
Monthly, Quarterly and Annual Tax Returns	15
Discount for Timely Filing	15
Prepaying	15
Penalty for Failure to File or Pay	15
Supplement: Vehicles No Longer In Rental Service.....	15
Going Out of Business	15
Electronic Funds Transfer	16
Example of Texas Motor Vehicle Rental Tax Declared Estimate and Prepayment (Form 14-105).....	17
Records	18
Seller	18
Owner of a Rental Vehicle.....	18
Availability of Records	18
Accounting Methods	18
Audits.....	19
Entrance Conference	19
Records Required	19
Audit Procedures	19
Post-Audit Conferences	19
Audit Review.....	19
Redetermination Hearing.....	19
Motor Vehicle Rental Tax Forms.....	20

Introduction

If you rent motor vehicles in Texas, you must have a Texas Motor Vehicle Rental Tax Permit. The permit is available from the Texas Comptroller of Public Accounts (Comptroller).

The law requires you to have a permit if you rent vehicles to others for consideration and any of these conditions apply:

- your rental agreements are for 180 days or fewer;
- the vehicles will be re-rented, regardless of the period covered by the agreements; or
- you are the vehicles' manufacturer, regardless of the period covered by the agreements.

After the Comptroller's office issues you a permit, you will receive periodic preprinted returns to report the tax due on your rentals.

To get a rental tax permit application or for more information about the rental tax, you can download the application at www.window.state.tx.us, visit your local Comptroller's field office, e-mail us at tax.help@cpa.state.tx.us, or call us toll-free at (800) 252-1382.

Cities and counties may also impose tax on short-term rentals. Any such taxes are administered by the local jurisdictions, and you should contact them directly for more information.

Definitions

Bad debt – any amount due on a rental agreement that is written off as uncollectable. The amount must be entered on the rental company's books as a bad debt and claimed as a deduction for federal income tax purposes.

Fair market value – a vehicle's actual selling price when retired from service or its depreciated book value if it is no longer used and is offered for sale.

Fair market value deduction – a method by which the taxable value of a rental vehicle purchase may be reduced for tax purposes.

Farm machine – a self-propelled motor vehicle specially adapted or modified to apply plant food materials, agricultural chemicals or feed for livestock. "Farm machine" does not include a self-propelled motor vehicle specially adapted for the transportation of agricultural products.

Gross rental receipts – the consideration the owner receives for use of the vehicle. Receipts can be the value of property or services as well as money. Gross receipts also include any extra charges the owner may make on the rental agreement for title fees, registration fees and property taxes. So that such charges are not construed to be tax assessments, invoices should show them as reimbursements.

Taxable gross rental receipts do not include discounts; separately stated charges for insurance; assessments for damages to a rental vehicle occurring during the agreement period; or separately stated receipts for motor fuel sold by the vehicle's owner. A charge for "collision damage waiver" or "collision protection charge" does not qualify as a charge for insurance and is therefore considered part of the taxable gross rental receipts.

Gross Rental Receipts Tax (Rental Tax) – imposed on the gross rental receipts derived from the rental of a motor vehicle without a driver. The tax rate is 10 percent on a contract of 30 days or fewer and 6.25 percent on a contract for 31-180 days.

Minimum Gross Rental Receipts Tax (Minimum Tax or Minimum Rental Tax) – equal to 6.25 percent of the vehicle's taxable value. If the rental vehicle was registered tax-free, the minimum tax is the amount of tax the rental vehicle must generate in order to relieve the owner of the tax liability established at registration.

Mobile Office – A trailer designed to be used as an office, sales outlet or other workplace.

Motor vehicle – a self-propelled vehicle designed to transport persons or property on a public highway. The term includes

trailers, semi-trailers and "house trailers" as defined by the Certificate of Title Act, Transportation Code.

House trailers could include travel trailers, park models and bunkhouses. Mobile offices are not taxed as motor vehicles, but are subject to sales tax. Mobile homes and modular homes are not motor vehicles, but are subject to the Texas Manufactured Housing Sales and Use Tax.

"Motor vehicle" does not mean:

- a mobile office;
- a device moved only by human power;
- a device used exclusively upon stationary rails or tracks;
- road-building machinery; or
- equipment transportable over the highways but designed to perform a specialized function that does not include transporting persons or property.

Out-of-state rental – when a customer takes delivery of a rental vehicle outside of the state. The receipts from an out-of-state rental are not subject to tax for the entire period of the original agreement even if the customer brings the vehicle into Texas. If the rental agreement is renewed or extended while the vehicle is in Texas, however, it's considered a Texas rental and Texas tax is due on these receipts.

Person – an individual, firm, corporation or association.

Possession owner – someone who rents a motor vehicle for re-rental. The possession owner does not have title to the vehicle but must collect and remit tax on the re-rentals.

Rental – an agreement to give exclusive use of a motor vehicle to someone for a consideration when any of the following conditions apply:

- the agreement is for 180 days or fewer;
- the vehicle will be re-rented, regardless of the period covered by the agreement; or
- you are the manufacturer of the vehicle, regardless of the period covered by the agreement.

Any agreement that includes a driver or chauffeur is not a rental but a service, and is not subject to the rental tax.

Replaced vehicle – a vehicle taken out of rental service. The value of a replaced vehicle can be used to reduce the taxable value of another vehicle purchased to be rented. Except as provided below to qualify, a replaced vehicle must have been titled in Texas in the rental company's name. The replaced vehicle must no longer be used and either sold or offered for sale.

The vehicle must be used as a fair market value deduction within 18 months of the date it was removed from service.

The term also includes a vehicle titled in Texas in the name of a related rental permit holder if either party holds a beneficial ownership interest in the other party of at least 80 percent or acquires all of its vehicles exclusively from franchised dealers whose franchisor shares common ownership with the other party.

Taxable value – the total sales price less the value of a trade-in vehicle or the fair market value of a replaced vehicle. Total sales price is the amount paid for a motor vehicle and all accessories that are attached to it at the time of sale.

Texas rental – when a customer takes delivery of a rental vehicle in Texas. The receipts from the entire rental agreement are

subject to Texas gross rental receipts tax even if the customer takes the vehicle out of state. A renewal or extension of the agreement while the vehicle is out of state is not a Texas rental and the receipts are not subject to Texas tax.

Timber machine – a self-propelled motor vehicle specially adapted or modified for use primarily in timber operations. Timber machine does not include any self-propelled motor vehicle specifically designed or adapted for the primary purpose of transporting timber or timber products.

Title owner – the person named as the owner on the certificate of title. The term also includes a person who is the legal owner because of a lease/purchase or conditional sales contract where the seller retains title until full payment is made. The title owner is responsible for satisfying the minimum tax.

Registering Vehicles For Rental

There are two types of motor vehicle rental permits. One type allows tax-free registration when you title a rental vehicle in your name. The other type of permit requires that you pay motor vehicle sales and use tax at the time of registration or titling.

To be able to register rental vehicles tax free, you must be an authorized Texas automobile dealer licensed according to the Transportation Code, or the title owner of at least five different motor vehicles that will be rented within a 12-month period. If you do not meet these qualifications, you must pay tax when you register the rental vehicle.

The purchase or use of a diesel-powered motor vehicle with a gross registered weight of more than 14,000 pounds is subject to the Texas Emissions Reduction Plan (TERP) surcharge. This surcharge is paid at the time of registration with your county tax assessor-collector at a rate of 2.5 percent on 1996 and older vehicles or 1 percent on newer models. The surcharge is not imposed on rental agreements.

Tax Paid at Registration

If you do not qualify to register rental vehicles tax free, you must pay the 6.25 percent motor vehicle sales and use tax when you register a vehicle for rental. Complete the Application for Texas Certificate of Title/Motor Vehicle Tax Statement (Form 130-U) when you register the rental vehicle. To avoid a penalty, you must pay the tax within 20 county working days after you take delivery or bring the vehicle into Texas.

If you pay tax at registration, you can keep the rental tax you collect from your customers until you have reimbursed yourself for the full amount of tax you paid. You may not reimburse yourself for the TERP surcharge with rental tax collections.

Tax-Free Registration

If you are eligible for tax-free registration, you can establish a minimum tax liability instead of paying the 6.25 percent motor vehicle sales or use tax when registering a motor vehicle for rental. You can also deduct the value of a trade-in or the fair market value of a replaced vehicle from the price of a vehicle purchased for rental. You must pay the TERP surcharge at the time of registration.

The minimum tax liability is equal to 6.25 percent of the taxable value of the vehicle. For example, if you buy a vehicle for \$11,000 and your trade-in is worth \$4,400, the taxable value of the vehicle is \$6,600 (\$11,000 minus \$4,400). If you registered the vehicle tax free for rental, then the minimum tax would be \$412.50 (\$6,600 multiplied by 6.25 percent).

You can satisfy the minimum tax liability by collecting tax when you rent the vehicle and reporting and paying the tax to the Comptroller. If you retire the vehicle from rental service and have not collected enough rental tax to satisfy the minimum tax liability, you must pay the difference to the Comptroller's office.

To register a vehicle tax free, you must complete an application for Texas Certificate of Title/Motor Vehicle Tax Statement (Form 130-U). You can get the application from your county tax assessor-collector or the Texas Comptroller's office.

When you complete the application, you will also show the purchase price, the value of any vehicle used as a trade-in or for a fair market value deduction, and the calculated minimum rental tax. You will also have to provide your rental permit number. The application must be signed by both the purchaser and the seller.

Remember, giving false information on title transfer documents is a third degree felony.

Fair Market Value Deduction

A fair market value deduction can only be claimed by those rental accounts that qualify to register their rental vehicles tax free. Other rental accounts must have an actual trade-in to reduce the taxable value of a rental vehicle.

If you are eligible to take a fair market value deduction and have sold a vehicle before purchasing another one for rental, you can take a deduction equal to the sales price of the replaced vehicle. For example, if you sold a vehicle for \$5,000, its fair market value is \$5,000.

If you buy a replacement vehicle before you sell the old one, you can claim a fair market value deduction on the old one only if it is offered for sale and is no longer being used. Since you do not yet know the price the vehicle will sell for, you can use the depreciated book value as the fair market value as long as it is based on generally accepted accounting principles. You cannot make an adjustment later if the vehicle sells for more or less than the depreciated book value.

If the Comptroller's office determines that your book value is not based on accepted accounting principles, the fair market value will be the purchase price you paid for the vehicle less depreciation at the rate of 2 percent per month for the first 36 months and 1 percent per month for the remaining depreciable life.

Example of Application for Texas Certificate of Title (Form 130-U)

APPLICATION FOR TEXAS CERTIFICATE OF TITLE
← SHADED AREAS ARE TO BE COMPLETED BY THE SELLER →
← TYPE OR PRINT NEATLY IN INK →

TAX OFFICE USE ONLY					County Use Only	
Tax Collector _____		County _____				
Date _____		Transaction Number _____				
1. Vehicle Identification Number _____		2. Year _____	3. Make _____	4. Body Style _____		<input type="checkbox"/> SPV \$ _____
5. Model _____		6. Odometer Reading _____	7. Empty Weight _____	8. Carrying Capacity (lbs.) _____	9. Tonnage _____	
10. Trailer Type <input type="checkbox"/> Semi <input type="checkbox"/> Full		11. Plate No. _____	12. Vehicle Unit No. _____		13. Applicant's/Additional Applicant's Social Security Numbers (See * below) or Federal Tax ID Number _____	
14. Applicant's/Owner's Name(s) Address _____ City, State, Zip Code _____					County Name _____	
14a. Registrant's Name (Renewal Notice Recipient) Address _____ City, State, Zip Code _____					County Name _____	
14b. Vehicle Physical Location City, State, Zip Code _____					<input type="checkbox"/> Statement of Fact for Non-Disclosure, VTR-171, Attached.	
15. Previous Owner's Name Address _____ City, State, Zip Code _____					15a. GDN - Dealer Use Only	
THIS MOTOR VEHICLE IS SUBJECT TO THE FOLLOWING FIRST LIEN						
16. 1st Lien Date _____		1st Lienholder Name Address _____ City, State, Zip Code _____			16a. Additional Lien(s)? <input type="checkbox"/> YES (If additional liens are to be recorded, attach Form VTR-267.)	
17. FOR CORRECTED TITLE, CHECK REASON(S) <input type="checkbox"/> Change in Vehicle Description <input type="checkbox"/> VIN <input type="checkbox"/> No Change in Ownership Lien <input type="checkbox"/> Add Lien <input type="checkbox"/> Remove Lien <input type="checkbox"/> Odometer Brand <input type="checkbox"/> Odometer Reading						
18. ODOMETER DISCLOSURE - FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE UPON TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT. I, _____, state that the odometer now reads _____ (no tenths). ** (Name of Seller/Agent) THE MILEAGE SHOWN IS <input type="checkbox"/> A - Actual Mileage <input type="checkbox"/> N - Not Actual Mileage WARNING - ODOMETER DISCREPANCY <input type="checkbox"/> X - Mileage Exceeds Mechanical Limits ** IF NO SELLER/AGENT, TITLE APPLICANT SHOULD CHECK ONE OF THE 3 BOXES ABOVE UNLESS NUMBER 6 INDICATES "EXEMPT."						
MOTOR VEHICLE TAX STATEMENT						
19. CHECK ONLY IF APPLICABLE <input type="checkbox"/> I hold Motor Vehicle Retailer's (Rental) Permit No. _____ and will satisfy the minimum tax liability (V.A.T.S., Tax Code, §152.046 [c]). <input type="checkbox"/> I am a Dealer or Lessor and qualify to take the Fair Market Value Deduction (V.A.T.S., Tax Code, §152.002 [c]).						
20. DESCRIPTION OF VEHICLE TRADED IN (if any)		Year _____	Make _____	Vehicle Identification Number _____		20a. ADDITIONAL TRADE - INS? (Y/N)
21. SALES AND USE TAX COMPUTATION						
<input type="checkbox"/> (a) Sales Price (\$ _____ rebate has been deducted) \$ _____		<input type="checkbox"/> \$90 New Resident Tax - (Previous State)		<input type="checkbox"/> \$5 Even Trade Tax		
(b) Less Trade - In Amount, Describe in Item 20 Above \$ (_____)		<input type="checkbox"/> \$10 Gift Tax		<input type="checkbox"/> \$65 Rebuilt Salvage Fee		
(c) For Dealers/Lessors/Rental ONLY - Fair Market Value Deduction, Describe in Item 20 Above \$ (_____)		<input type="checkbox"/> 2.5% Emissions Fee (Diesel Vehicles 1996 and Older > 14,000 lbs)		<input type="checkbox"/> 1% Emissions Fee (Diesel Vehicles 1997 and Newer > 14,000 lbs)		
(d) Taxable Amount (Item a. minus Item b./Item c.) \$ _____		<input type="checkbox"/> Exemption claimed under the Motor Vehicle Sales and Use Tax Law because _____				
(e) 6.25% Tax on Taxable Amount (Multiply Item d. by .0625) \$ _____						
(f) Late Tax Payment Penalty <input type="checkbox"/> 5% or <input type="checkbox"/> 10% \$ _____						
(g) Tax Paid to _____ (STATE) \$ _____						
(h) AMOUNT OF TAX AND PENALTY DUE (Item e. plus Item f. minus Item g.) \$ _____				<input type="checkbox"/> \$28 or \$33 APPLICATION FEE FOR CERTIFICATE OF TITLE (Contact your County Tax Assessor-Collector for the correct fee.)		
I HEREBY CERTIFY THAT ALL STATEMENTS IN THIS DOCUMENT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.						
22. _____ Signature of SELLER, DONOR, OR TRADER		_____ PRINTED NAME (Same as signature)			_____ Date	
23. _____ Signature of PURCHASER, DONEE, OR TRADER		_____ PRINTED NAME (Same as signature)			_____ Date	
RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT (MARRIED PERSONS) WE, THE PERSONS WHOSE SIGNATURES APPEAR HEREIN, HEREBY AGREE THAT THE OWNERSHIP OF THE VEHICLE DESCRIBED ON THIS APPLICATION FOR TITLE, SHALL FROM THIS DAY FORWARD BE HELD JOINTLY, AND IN THE EVENT OF DEATH OF EITHER OF THE PERSONS NAMED IN THE AGREEMENT, THE OWNERSHIP OF THE VEHICLE SHALL VEST IN THE SURVIVOR. NON-MARRIED PERSONS ARE REQUIRED TO EXECUTE A RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT FOR A MOTOR VEHICLE, FORM VTR-122.						
				_____ SIGNATURE		_____ Date
				_____ SIGNATURE		_____ Date
WARNING: Transportation Code, §501.155, provides that falsifying information on title transfer documents is a third-degree felony offense punishable by not more than ten (10) years in prison or not more than one (1) year in a community correctional facility. In addition to imprisonment, a fine of up to \$10,000 may also be imposed. * NOTE: Transportation Code, §501.0235, REQUIRES that the applicant's social security number be provided when applying for a certificate of title. If the applicant does not have a social security Number, Form VTR-171, Statement of Fact for Non-disclosure of a Social Security Number, must accompany this application. This information is requested for owner identification purposes.						

Form-130-U (Rev. 8/2006)

Exemptions, Bad Debts and Reimbursements

Exemptions

There is no tax on the rentals listed below. The receipts from such rentals must be included as total contract receipts on the rental return, but are not counted as part of your taxable contract receipts.

The following types of rentals are exempt from tax.

- Rentals to a public agency – a public agency is an instrumentality of the U.S. government or a department, commission, board, office, institution or other agency of this state or of a county, city, town, school district, hospital district, water district or other special district or authority or political subdivision created by or under the Texas constitution or statutes.
- Rentals to a church or religious society – no tax is due if the vehicle is designed to carry more than six passengers and at least 80 percent of the vehicle's operating time is used to provide transportation to and from church or religious services or meetings. A vehicle rented for the official or personal use of a minister is not exempt.
- Rentals for re-rental – if you rent a vehicle to someone who will then re-rent it to others, do not collect rental tax.
- Rentals to farmers and ranchers – there's no tax on rentals of a trailer, semi-trailer or a farm machine.
- Rentals to timber operators – there's no tax on rentals of a trailer, semi-trailer or timber machine.
- Rentals to a child-care facility – no tax is due when renting a vehicle to a qualified residential child-care facility to be used primarily to transport children residing in the facility. A qualified residential child-care facility means one licensed under Chapter 42 Human Resources Code to provide residential care 24 hours a day in a single residential group to children who do not require specialized services or treatment and children who are emotionally disturbed.

There is no exemption for vehicle rentals to a non-profit or public service organization, even if the organization is funded by a public agency.

Exemption Certificate

When making an exempt rental, you must attach an exemption certificate (Form 14-305, back) to the rental contract. The certificate must be signed by an authorized representative of the group or organization renting the vehicle. (See page 8 for an acceptable form of an exemption certificate. You can reproduce this form in any size compatible with your record-keeping requirements.)

If you frequently make exempt rentals to a single person or organization, you do not have to get an exemption certificate for each rental. However, you must have a method of correlating specific invoices or rental contracts to that organization's signed exemption certificate in your files.

If you do not get an exemption certificate when you rent a vehicle tax free, you are responsible for proving the rental was exempt.

Bad Debts

You can use bad debts to reduce the amount of your rental tax liability. Bad debts are those that are determined uncollectable, written off as uncollectable in your books, and claimed as a bad debt deduction for federal income tax purposes.

To reduce your tax liability, you can deduct a bad debt from your gross rental receipts. If the bad debt includes taxable and non-taxable receipts, you can deduct only the taxable amount from gross rental receipts. If you've already remitted the tax to the Comptroller's office, you can claim credit for the tax paid on the uncollectible charge on a current tax return or file an amended return for the period the bad debts were written off.

To support a claim for a bad debt deduction or credit, you must keep records of the date of the rental, the name and address of the customer, the amount the customer agreed to pay, any amount on which you have already paid tax, payment or other credit applied to the account, and evidence that the amount has been legally charged off as a bad debt for federal income tax purposes.

Any amount claimed as a bad debt cannot be used as a credit against the minimum gross rental receipts tax owed on a vehicle.

Reimbursement

If you pay motor vehicle sales or use tax on a rental vehicle, you can retain the rental tax you collect to recover the tax you've paid.

You cannot recover more tax than you paid when you registered the vehicle. For example, if you paid \$1,000 in motor vehicle sales or use tax at registration, you can retain no more than \$1,000 in rental tax.

To recover the tax you've paid, deduct the gross receipts derived from the rental of the vehicle from either line 2 (receipts from short term contracts) or line 6 (receipts from long term contracts) on your Texas Motor Vehicle Rental Tax Return

(Form 14-103, front). This deduction reduces the amount subject to tax (line 3 for short-term contracts or line 7 for long-term contracts).

For example, you collect \$400 in rental receipts on a vehicle on which you paid tax. If these receipts were from a short-term rental, include the \$400 in the short-term contract receipts (line 2) but reduce the taxable short-term contracts receipts figure (line 3) by \$400, thus reimbursing yourself \$40 (\$400 multiplied by 10 percent). If these receipts were from a long-term rental, include the \$400 in the long-term contract receipts (line 6) but reduce the taxable long-term contract

receipts figure (line 7) by \$400, thus reimbursing yourself \$25 (\$400 multiplied by 6.25 percent).

If you pay motor vehicle sales tax on a rental vehicle, you can only use receipts from rentals of that specific vehicle to recover the tax you've paid. You cannot recover tax from rental receipts for a different vehicle.

If you reimburse the title owner for tax paid on a vehicle rented to you for re-rental, you can recover the tax from the rental tax you collect. You must keep a verification certificate in your records as proof of tax you've paid to the title owner.

Example of Motor Vehicle Rental Exemption Certificate (Form 14-305, back)

Form 14-305 (Back)
(Rev. 8-89/5)

MOTOR VEHICLE RENTAL EXEMPTION CERTIFICATE

THIS EXEMPTION CERTIFICATE IS NOT VALID FOR TAX-FREE REGISTRATION.
THIS EXEMPTION CERTIFICATE MUST BE ATTACHED TO THE RENTAL CONTRACT.

Make of vehicle		Motor or vehicle identification number
Year model	Body style	License number

The undersigned claims exemption from payment of motor vehicle gross rental receipts tax under the Taxes on Sale, Rental and Use of Motor Vehicle Law (TEX. TAX CODE ANN. ch. 152), on the rental of the above described motor vehicle from:

Vehicle owner
Address (Street & number)
City, state, ZIP code

Renter claims this exemption for the following reason:

- | | |
|--|---|
| <input type="checkbox"/> A public agency | <input type="checkbox"/> Rent for Re-rental |
| <input type="checkbox"/> A church or religious society
Vehicle rented meets the following requirements: <ul style="list-style-type: none"> • designed to carry more than six (6) passengers • primary use must be for providing transportation to and from church or religious services or meetings | <input type="checkbox"/> Farm or ranch use (farm trailer, semi-trailer, farm machinery)
Vehicle rented meets the following requirements: <ul style="list-style-type: none"> • a trailer used primarily for farming and ranching • a self-propelled motor vehicle must have been modified to perform some specialized farm/ranch related function other than transportation; such as applying or dispensing agricultural products, plant food materials or feed for livestock |
| <input type="checkbox"/> A residential child-care facility licensed under Chapter 42 of the Human Resources Code to care for both children who do not require specialized care <u>and</u> children who are emotionally disturbed. | |

I declare that the information contained in this document and any attachments is true and correct to the best of my knowledge and belief.

Exempt person or organization
Authorized person sign here ▶
Address (Street & number)
City, state, ZIP code

NOTE: THIS FORM MAY BE REPRODUCED, BUT MUST BE SUBSTANTIALLY IN THE FORM SET OUT ABOVE. DO NOT SEND THE COMPLETED EXEMPTION CERTIFICATE TO THE COMPTROLLER OF PUBLIC ACCOUNTS.

Example of Texas Motor Vehicle Rental Tax Return (Form 14-103, front)

 <p>Comptroller of Public Accounts 14-103 (Rev. 4-08/18)</p>	<p>a. T Code ■ 15100</p>	<p>b. ■</p>					
TEXAS MOTOR VEHICLE RENTAL TAX RETURN							
c. Taxpayer number ■	d. Filing period	e. ■	f. Due date				
g. Name and mailing address (Make any necessary name or address changes below.)		<p>h. IMPORTANT</p> <p>Black in this box if your mailing address has changed. Show changes by the preprinted information. → 1. <input type="checkbox"/></p> <p>Black in this box if you are no longer in business and write in the date you went out of business. → 2. <input type="checkbox"/></p> <p style="text-align: right;">Month Day Year</p> <p style="text-align: right;"> </p>					
		i. ■	j. ■				
<p>• Please read instructions • TYPE OR PRINT • Do not write in shaded areas • Report dollars and cents</p>							
<p>1. Enter the number of vehicles you own that were retired from rental service during this reporting period (See instructions) 1. ■</p> <p>2. Total short term contract receipts (1 - 30 days) (See instructions) 2. ■ .</p> <p>3. Taxable short term contract receipts (See instructions) 3. ■ .</p> <p>4. Tax rate 4. <u>.1000</u></p> <p>5. Tax due on short term contract receipts (Multiply Item 3 by Item 4) 5. ■ .</p> <p>6. Total long term contract receipts (31 - 180 days) (See instructions) 6. ■ .</p> <p>7. Taxable long term contract receipts (See instructions) 7. ■ .</p> <p>8. Tax rate 8. <u>.0625</u></p> <p>9. Tax due on long term contract receipts (Multiply Item 7 by Item 8) 9. ■ .</p> <p>10. Unremitted portion of minimum gross rental receipts tax (See instructions) 10. ■ .</p> <p>11. Total tax due (Item 5 plus Items 9 and 10) 11. ■ .</p> <p>12. Prepayment credits 12. .</p> <p>13. Tax due after prepayments (Item 11 minus Item 12) 13. .</p> <p>14. DISCOUNT: (See instructions) 14. .</p> <p>15. Net tax due after discount (Item 13 minus Item 14) 15. .</p>							
<p>14-103 (Rev. 4-08/18)</p> <p>TEXAS MOTOR VEHICLE RENTAL TAX RETURN</p> <p>16. Penalty (see instructions) 16. .</p> <p>17. Interest (see instructions) 17. .</p> <p>18. TOTAL AMOUNT DUE AND PAYABLE (Item 15 plus Items 16 and 17) 18. ■ .</p>							
Taxpayer name		k. ■	l. ■				
<p>■ T Code ■ Taxpayer number ■ Period</p>							
<p>Make the amount in Item 18 payable to: STATE COMPTROLLER Mail to: COMPTROLLER OF PUBLIC ACCOUNTS P.O. Box 149360 Austin, Texas 78714-9360</p> <p>For assistance call (800) 252-1382 toll free nationwide, or call (512) 463-4600.</p>		<p>I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.</p> <p style="text-align: center;">Taxpayer or duly authorized agent</p> <p>sign here →</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Business phone</td> <td style="width: 50%;">Date</td> </tr> </table>				Business phone	Date
Business phone	Date						

Example of Texas Motor Vehicle Rental Tax Return (Form 14-103, back)

Form 14-103 (Back)(Rev. 4-08/18)

INSTRUCTIONS FOR COMPLETING THE TEXAS MOTOR VEHICLE RENTAL TAX RETURN (TEX. TAX CODE ANN. SECS. 152.026 AND 152.045)

GENERAL INFORMATION

WHO MUST FILE:

- You must file this return if you are a sole owner, partnership, corporation or other organization who is responsible for collection and/or payment of Texas Motor Vehicle Rental Tax. Failure to file this report and pay applicable tax may result in collection action as prescribed by Title 2 of the Tax Code.
- Complete and detailed records must be kept of all receipts reported and exemptions or reimbursements claimed so that returns can be verified by a state auditor.

WHEN TO FILE:

- Returns must be filed on or before the 20th day of the month following the reporting period.
- RETURNS MUST BE FILED FOR EVERY PERIOD EVEN IF YOU HAVE NO AMOUNT SUBJECT TO TAX OR NO TAX DUE.
- If the due date falls on a Saturday, Sunday or legal state holiday, the next business day will be the due date.

FOR ASSISTANCE:

- Call (800) 252-1382 toll free nationwide, or call (512) 463-4600.

GENERAL INSTRUCTIONS:

- Please write only in white areas. • TYPE OR PRINT
- Complete all applicable items that are not preprinted.
- If any preprinted information is not correct, mark it out and write in the correct information.

SPECIFIC INSTRUCTIONS

Item c- Enter the Taxpayer Number shown on your Motor Vehicle Rental Permit. If you have not received your Motor Vehicle Rental Permit, enter your Social Security Number if sole ownership or Federal Employer's Identification (FEI) Number.

Item 11- Enter the total amount due on both short-term and long-term rental contracts and the unremitted portion of the minimum gross rental receipts.

Item d- Enter filing period of this return, monthly or quarterly, and the last day of the period.

Item 12-FOR PREPAYERS ONLY - The amount preprinted in item 12 includes the allowable prepayment discount for filing your return and paying the tax due on or before the due date. (If you prepaid timely and the amount is not preprinted here, calculate the credit by dividing the amount you paid by .9825 and enter the result in item 12). If you are filing your return and paying the tax late, mark out the preprinted amount and enter the actual amount you prepaid.

Item 1- Enter the number of vehicles you own that were retired from service during this reporting period. Use the Supplement to Motor Vehicle Rental Tax Return (Form 14-104) to calculate the total amount of minimum tax due. You must file a supplement only when you retire vehicles whether or not any additional minimum tax is due.

NOTE: If item 11 is GREATER than item 12, multiply the difference by 1/2 of 1% (.005) and enter the result in item 15. If item 11 is LESS than item 12 and the credit is to be refunded, multiply the negative difference by .9825 and enter the result in item 15. Skip item 14. **DO NOT TAKE THE 1/2 OF 1% DISCOUNT ON CREDIT BALANCES.**

Item 2- Enter the total amount of ALL short-term rental contract receipts (Short-term contracts 1-30 days)

Item 3- Enter the total amount of taxable short-term rental contract receipts after exemptions and reimbursements.

Item 6- Enter the total amount of ALL long-term rental contract receipts. (Long term contracts 31-180 days)

Item 14- Discount - If the return is filed and the tax paid on or before the due date, enter a discount of one-half of one percent (0.005) of item 13. (PrePAYERS see item 12.)

Item 7- Enter the total amount of taxable long-term rental contract receipts after exemptions and reimbursements.

- Reimburse yourself only for motor vehicle sales or use tax you have previously paid to Texas on a rental vehicle.

- The total reimbursement may not exceed the amount of tax you paid on the vehicle at registration.

- Do not use gross rental receipts received from the rental of one vehicle to claim reimbursement for tax paid on a different vehicle.

Item 16-PENALTY - IF RETURN IS FILED OR TAX PAID AFTER DUE DATE, enter penalty. 1 - 30 days late - 5% of Item 15. More than 30 days late - 10% of Item 15. (Minimum penalty \$1)

Item 10- Unremitted portion of minimum gross rental receipts tax--when a vehicle is no longer used for rental, the unremitted portion of minimum tax must be reported and paid on the first rental report following retirement of the vehicle.

Item 17-INTEREST - IF ANY TAX IS UNPAID 61 DAYS AFTER THE DUE DATE, enter interest on the amount of Item 15 calculated at the rate on Pub. 98-304, online at www.window.state.tx.us, or toll free at (877) 447-2834.

Minimum Tax

When you take a rental vehicle out of service, you must make sure that you have paid that vehicle's minimum tax liability.

If you registered the vehicle tax-free and have collected rental tax equal to or greater than the sales tax that would have been due when you bought it, you do not owe any additional tax. If you have not satisfied the minimum tax liability, however, you must pay any tax still due on your next rental tax return. You can report the retired vehicle and calculate any tax liability still due on the Texas Motor Vehicle Rental Tax Return – Supplement (Form 14-104, pages 12 and 13). Any unremitted portion of minimum tax is added to your total rental tax due for the reporting period.

If you paid motor vehicle sales or use tax when you registered the vehicle, you do not owe any additional tax when you retire the vehicle from rental service.

If no sales or use tax is due on the original purchase price of a vehicle used for rental, there is no minimum rental tax liability.

Destroyed or Stolen Vehicles

If a vehicle is registered tax free for rental and is later destroyed or stolen and its value not recovered, any remaining minimum rental tax liability is dismissed and no additional tax is due. Vehicles whose minimum tax liabilities have been dismissed cannot be used as fair market value deductions and must be reported on the Texas Motor Vehicle Rental Tax Return – Supplement (Form 14-104).

Credits against Minimum Tax

The minimum tax liability is reduced by the amount of rental tax the title owner collects and remits to the Comptroller's office.

Other credits can be applied towards the minimum tax liability.

- The amount of tax exempted on the rental of a motor vehicle to a public agency, a church, a qualified child-care facility, a farm trailer, farm machine, a trailer used in timber operations or a timber machine can be used to offset the minimum tax liability.

- If the title owner rents a vehicle to a possession owner for re-rental, the amount of tax the possession owner collects and remits is used as a credit to offset the minimum tax liability. A verification certificate is used to document the credit.
- The amount of rental tax collected and remitted to another state can be used to satisfy the minimum rental tax liability.

Verification Certificate

The possession owner completes Section I (Rent for Re-Rental) of Form 14-305 (front) and gives it to the title owner to show how much rental tax has been collected. A title owner whose records include a valid Section I can credit the amount of tax collected and remitted by the possession owner against the vehicle's minimum tax liability.

The title owner completes Section II (Reimbursement of Sales or Use Tax Verification) of Form 14-305 (front) and gives it to the possession owner to show how much tax was paid when the vehicle was registered. The title owner can then contract with the possession owner for reimbursement from rental tax collected. The verification certificate must show the amount of sales or use tax paid when the vehicle was registered, the rental tax collected on rental of the vehicle, and the amount of reimbursement received from the possession owner.

A possession owner whose records include a valid Section II can recover up to the amount of sales or use tax paid to the title owner. The total amount of reimbursement cannot exceed the amount of sales or use tax paid.

Recordkeeping

You must keep a copy of either a Motor Vehicle Verification Certificate For Rental Tax (Form 14-305, front) or a Motor Vehicle Rental Exemption Certificate (Form 14-305, back) in your records to document each claim for credit.

Credits Nontransferable

Each vehicle registered tax free must generate enough rental tax to satisfy its own minimum tax liability. Tax collected and remitted from one vehicle's rental cannot be used to pay a different vehicle's liability.

Example of Texas Motor Vehicle Rental Tax Return – Supplement (Form 14-104, back)

Form 14-104 (Back) (Rev. 7-02/11)

INSTRUCTIONS FOR COMPLETING THE TEXAS MOTOR VEHICLE RENTAL TAX RETURN SUPPLEMENT

(TEX. TAX CODE ANN. secs. 152.026, 152.045 and 152.046)

Under Ch. 559, Government Code, you are entitled to review, request, and correct information we have on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact us at the address or toll-free number listed on this form.

GENERAL INFORMATION

- WHO MUST FILE:**
- You must file this supplement if you are required to file a Texas Motor Vehicle Rental Tax Return and you remove vehicles from rental use which you purchased for rental service. These include every rental vehicle titled in your name and every vehicle purchased under conditional sales contracts or lease-purchase agreements under which you were obligated to buy the vehicle, even if the title to the vehicle was not in your name.
- WHEN TO FILE:**
- File this supplement only for periods in which you retire vehicles from rental service. The supplement must be attached to the return for those periods.
- FOR ASSISTANCE:**
- For information on Texas Motor Vehicle Rental Tax, ask for the Comptroller's Motor Vehicle Rental Tax Guide, publication number 96-143. For tax assistance call 1-800-252-1382 toll free nationwide. The Austin number is 512-463-4600. (From a Telecommunication Device for the Deaf (TDD) ONLY call 1-800-248-4099 toll free. The Austin number is 512-463-4621.)
- GENERAL INSTRUCTIONS:**
- Please write only in white areas.
 - TYPE OR PRINT.
 - Complete all applicable items.

SPECIFIC INSTRUCTIONS

NOTE: Every motor vehicle that ceases to be used for rental purposes during a reporting period must be listed on this supplement and tax due calculated for each vehicle. An excess of rental tax collected on one vehicle cannot be applied as a credit to any other vehicle.

- Item a** - Enter the same taxpayer number shown on your rental tax return.
- Item b** - Enter the same filing period, month or quarter, that is shown on your rental tax return.
- Item 5** -
- Check this item if the vehicle was stolen and not recovered or destroyed, or if the Motor Vehicle Sales and Use Tax was paid at the time of registration.
 - If this item was checked, leave Items 6, 7 and 8 blank.
Note: If a vehicle is stolen or destroyed, the Minimum Rental Tax does not have to be satisfied.
- Item 6** - Enter the amount of Minimum Rental Tax calculated at the time of registration on the Application for Texas Certificate of Title, Form 130-U.
- Item 7** - Enter the total amount of rental tax collected for each vehicle. The total includes:
- rental tax collected on the rental of the motor vehicle and paid to the Comptroller;
 - rental tax that would have been collected on rentals to public agencies, churches or religious societies which are exempt;
 - rental tax collected on the rental of the motor vehicle and paid to other states;
 - rental tax collected on the re-rental of motor vehicles by another company and remitted to the Comptroller.
- Item 8** - Enter the amount of tax due (*Item 6 minus Item 7*).
- If Item 6 is larger than Item 7, subtract Item 7 from Item 6 and enter the difference.
 - If Item 6 is smaller than or the same as Item 7, enter zero (0). This indicates that the minimum Rental Tax has been satisfied.
- Item 9** - Enter the combined total of this item on all supplement pages in Item 10 of the Motor Vehicle Rental Tax Return.

Example of Motor Vehicle Verification Certificate for Rental Tax (Form 14-305, front)


 Comptroller of Public Accounts
 FORM 14-305
 (Rev. 8-89/5)

MOTOR VEHICLE VERIFICATION CERTIFICATE FOR RENTAL TAX

THIS CERTIFICATE IS NOT VALID FOR TAX-FREE REGISTRATION.
THIS CERTIFICATE MUST BE RETAINED FOR TAX VERIFICATION PURPOSES.

SECTION I. RENT FOR RE-RENTAL: VERIFICATION OF GROSS RENTAL RECEIPTS TAX COLLECTED IN TEXAS

To be completed by renter re-renting a motor vehicle and furnished to title owner of motor vehicle. Indicate the total amount of gross rental receipts tax collected and paid to the State Comptroller. This amount can be used as a credit toward satisfying the minimum gross rental receipts tax liability of the title owner. THIS CERTIFICATE IS RETAINED BY TITLE OWNER.

Make of vehicle	Motor or vehicle identification number	
Year model	Body style	License number

I certify that I hold Motor Vehicle Rental Permit No. _____, that I have rented the vehicle described above for the purpose of re-rental and that I have collected and paid to the Comptroller gross rental receipts taxes in the amount of \$ _____ for the period _____, _____, to _____, _____.

I declare that the information contained in this document and any attachments is true and correct to the best of my knowledge and belief and that this information can be verified by audit of my records by the Comptroller of Public Accounts.

Renter for Re-rental (Name)	sign here ▶
Address (Street and number or P.O. Box)	
City, state, ZIP code	

SECTION II. REIMBURSEMENT OF SALES OR USE TAX VERIFICATION

To be completed by title owner when a vehicle is rented for re-rental and the renter reimburses the owner for the sales or use tax paid at registration. THIS CERTIFICATE IS RETAINED BY THE RENTER.

Make of vehicle	Motor or vehicle identification number	
Year model	Body style	License number

I certify that I paid sales or use tax in the amount of \$ _____ at the time of registration on the above described motor vehicle, that I have collected gross rental receipts tax in the amount of \$ _____ on the gross rental receipts received from renting the above described motor vehicle, and that I have contracted and received reimbursement in the amount of \$ _____ from _____.

Renter	Address (Street & number, city, state, ZIP code)
--------	--

I declare that the information contained in this document and any attachments is true and correct to the best of my knowledge and belief and that this information can be verified by audit of my records by the Comptroller of Public Accounts.

Vehicle owner	sign here ▶
Address (Street and number or P.O. Box)	
City, state, ZIP code	

Tax Returns

If you rent a motor vehicle, you must collect tax on your receipts. The tax rate is 6.25 percent for rental contracts of 31-180 days and 10 percent for rental contracts of 1-30 days. The tax is reported to the Comptroller's office on the Texas Motor Vehicle Rental Tax Return (Form 14-103).

If you did no rental business during the reporting period but want to maintain an active rental account with the Comptroller's office, you must file a tax report. A "zero" report will indicate to the Comptroller that you had no business activity but wish to keep your permit active.

It is your responsibility to file a tax return and payment on time even if you did not receive a preprinted tax return. Forms are available from the Comptroller's office and may be obtained by calling (800) 252-1382, by e-mailing to tax.help@cpa.state.tx.us, or on the Comptroller's Web site at www.window.state.tx.us.

Monthly, Quarterly and Annual Tax Returns

If you owe more than \$500 per month in rental tax, you must file monthly or prepay. If you owe less than \$500, you can file quarterly. If you owe less than \$1,000 per year in rental tax and unremitted minimum tax, you can file yearly. Annual filers who go over the \$1,000 threshold before the end of the year should file a quarterly return and remit all tax collected to date, and switch to a quarterly report schedule.

All returns are due by the 20th of the month following the end of the reporting period: monthly returns are due by the 20th of the next month; quarterly returns are due April 20, July 20, Oct. 20 and Jan. 20; and annual returns are due Jan. 20. Due dates falling on holidays or weekends are moved to the next working day.

Preprinted returns for the next reporting period are sent to taxpayers by the first week of the month following the end of the prior reporting period.

Discount for Timely Filing

If you file your tax return and payment on time, you can withhold 0.5 percent of the tax you collect.

Prepaying

If you owe more than \$500 per month in rental tax, you can file quarterly reports if you prepay part of your tax liability.

To prepay, estimate your quarterly tax liability on a Texas Motor Vehicle Rental Tax-Declared Estimate and Prepayment Report (Form 14-105). Your prepayment must be equal to at least 90

percent of the tax due for the reporting period or the amount of tax you paid for the same period in the preceding year.

The prepayment must be sent to the Comptroller's office by the 15th of the second month of the quarter. For example, if you prepay for the first quarter of the calendar year, you must prepay by Feb. 15 and file your quarterly report by April 20. People who prepay and file on time receive an additional 1.25 percent discount.

If your prepayment is late, you must file monthly returns for that period. If your prepayment is late or underestimated, it will be applied as a credit on your regular monthly return and you will not receive a prepayment discount.

Penalty for Failure to File or Pay

Tax paid 1-30 days late is assessed a 5 percent penalty. If the tax is paid 31-60 days late, there is an additional 5 percent penalty, for a total of 10 percent. For tax paid more than 60 days late, additional interest accrues at the rate published in our annual interest rate notice (98-304), available online at www.window.state.tx.us or by calling toll-free at (887) 44RATE4.

If you do not pay a liability determination issued by the Comptroller's office before it becomes final, you may be assessed an additional 10 percent determination penalty.

Supplement: Vehicles No Longer In Rental Service

The Texas Motor Vehicle Tax Return – Supplement (Form 14-104) is used to report a vehicle no longer used for rental service. You can calculate the total amount of minimum rental tax due on the supplement and add the amount to the rental tax reported on your return.

You must file a supplement when you retire vehicles from rental service, whether or not you have additional minimum tax due.

Going Out of Business

If you go out of business, write "Out of Business" across the top of your tax return and put the date you closed. This will let us know to stop sending you tax returns. If you do not give us this information, you will continue to receive preprinted tax forms.

Any unremitted portion of minimum tax on rental vehicles not retired on previous returns must be reported and paid on your last return.

Electronic Funds Transfer

If you pay more than \$100,000 per fiscal year, Texas Law requires that you pay your Motor Vehicle Rental Tax by electronic funds transfer. For questions regarding electronic funds transfer, please call the TEXNET Hotline at (800) 531-5441 ext. 3-3010. For questions regarding tax or fee information, please call the Comptroller's office at (800) 531-5441 ext. 3-3630. You can also e-mail us at eft.cpa@cpa.state.tx.us.

Example of Texas Motor Vehicle Rental Tax Declared Estimate and Prepayment (Form 14-105)

14-105 Comptroller of Public Accounts (Rev. 4-08/15)		
TEXAS MOTOR VEHICLE RENTAL TAX DECLARED ESTIMATE AND PREPAYMENT		
a. Taxpayer number	b. Filing period	c. Due date
Taxpayer name and mailing address		
d.		
REQUIREMENTS FOR PREPAYMENT To receive the additional prepayment discount, you must meet the following requirements: <ul style="list-style-type: none"> your estimate of tax must equal at least 90% of the total tax that will be due for the reporting period, OR it must be the same as the tax that was due and paid in the same period of the preceding year; AND your prepayment report must be postmarked on or before the due date. <p><i>NOTE: If your prepayment is late or underestimated, the prepayment discount will not be allowed. The payment will be applied as a credit to the tax due on the return required to be filed for the period.</i></p>		
COMPUTATION OF ESTIMATED TAX AND PREPAYMENT		
1. Enter your estimate of Total Taxable SHORT-TERM Gross Receipts for the period. (Rentals of 30 days or less).....	1.	
2. Estimated 10% tax for the period (Multiply item 1 by .10)	2.	
3. Enter your estimate of Total Taxable LONG-TERM Gross Receipts for the period. (Rentals of 31 days or more)	3.	
4. Estimated 6 1/4% tax for the period (Multiply item 3 by .0625)	4.	
5. Total estimated tax due (Item 2 plus item 4)	5.	
6. 1.75% PREPAYMENT DISCOUNT (Multiply item 5 by .0175)	6.	
7. TOTAL TAX DUE (Item 5 minus item 6)	7.	
<div style="border: 1px solid black; background-color: #cccccc; padding: 5px; display: inline-block; margin: 5px 0;"> DETACH BELOW AND KEEP THIS UPPER PART FOR YOUR RECORDS </div>		
RETURN THIS PART ONLY WITH YOUR PAYMENT		
Form 14-105 (Rev. 4-08/15)		
TEXAS MOTOR VEHICLE RENTAL TAX DECLARED ESTIMATE AND PREPAYMENT		e. ■
8. TOTAL AMOUNT DUE AND PAYABLE (From item 7)		8. ■
Taxpayer name	f. ■	g. ■
<input type="checkbox"/> T Code <input type="checkbox"/> Taxpayer number <input type="checkbox"/> Period	I declare that the information in this document and all attachments is true and correct to the best of my knowledge and belief. Authorized agent	
sign here		Date
Make the amount in Item 8 payable to STATE COMPTROLLER Mail to: COMPTROLLER OF PUBLIC ACCOUNTS P.O. Box 149360 Austin, Texas 78714-9360 For assistance call (800) 252-1382 toll free nationwide or call (512) 463-4600.		

Records

Seller

If you are a seller, you must keep complete records of each retail sale of a motor vehicle, including a complete copy of the invoice pertaining to the transaction described in the joint statement completed by you and the buyer. The invoice must show the full sales price of the motor vehicle, plus the itemized price of all accessories attached to the vehicle.

Owner of a Rental Vehicle

If you own a vehicle used for rental, you must keep records and supporting documents validating the taxable value of the vehicle, description and value of any trade-in or replaced vehicle, any amount of motor vehicle sales or use tax paid, amount of rental receipts, and the amount of rental tax remitted to the Comptroller's office. You must keep these records for every vehicle used for rental. You do not need to keep mileage records for tax purposes.

If you rent tax-free to a qualified organization such as a public agency, church or religious society, qualified child-care facility, farmer, rancher, timber operator or person renting for rental, you must attach the exemption certificate to the rental contract.

Availability of Records

You must keep accurate records for four years from the date of a sale or rental. All records must be available for inspection and audit by the Comptroller's office or an authorized representative.

Accounting Methods

If you keep records on a cash basis, accrual basis or on any generally recognized accounting basis that correctly reflects the operation of the business, you can file tax returns on that basis as long as the method used is consistent.

Audits

The Comptroller's office uses a computerized selection program to determine which taxpayers are audited. The program uses geographical location, volume of business and some strictly random factors to select taxpayers to be audited.

This section will help you understand what takes place during an audit and the various procedures involved.

Entrance Conference

The auditor assigned to your account will contact you by telephone or letter to arrange an initial meeting at a time convenient to you. The purpose of this "entrance conference" is to get basic information and establish some ground rules for the audit. Subjects which will be discussed include whether you are a corporation, partnership or sole proprietorship; records the auditor will need and where the records are located; and setting up a place where the auditor can work and the hours the auditor will be on-site.

The auditor needs to identify all state taxes for which you are responsible. If possible, all state taxes for which you are responsible are audited at one time to minimize disruption of your business operations.

Records Required

An audit involves verifying the information on rental tax returns, so you should be prepared to make available to the auditor records which show purchase and selling prices, as well as exemption and verification certificates.

Audit Procedures

Initially, the auditor will examine a portion of your records to see if there is an error in your tax compliance. If the auditor finds an error, you will be subject to either a sample or a detailed audit.

A sample audit, as the name implies, examines representative portions of your business records. This procedure minimizes both the cost of conducting audits and the cost to you of providing detailed records for the entire audit period.

In a detailed audit, the auditor reviews and examines all of your business records for the entire audit period. If your records are inadequate, the auditor will base the audit on the best information possible.

An audit will usually cover a four-year period. In certain circumstances, however, you and the Comptroller's office can enter into a written agreement to extend the audit period.

Post-Audit Conferences

At a mutually convenient time after the audit is completed, you and the auditor will have an exit conference to discuss

the results. If the audit uncovered errors, the auditor will be able to tell you of ways to comply with the state's tax laws in the future.

If you disagree with the results of the audit, you can request a reconciliation conference. The auditor and the auditor's supervisor will meet with you and your representative to review the audit and try to resolve any disagreements or misunderstandings.

Audit Review

After the post-audit conferences, the completed audit is reviewed in the local audit office and then sent to the Comptroller's headquarters in Austin, Texas for further review.

After all audit reviews are finished, you will receive either a notice of no tax due or a deficiency determination. A Notice of Deficiency Determination is the Comptroller's official billing notice, showing the total tax, penalty and interest you owe and the date by which it must be paid.

The notice also lets you know that you have 30 days from the official billing date to request a redetermination hearing for further review of the audit. If you do not request a redetermination hearing within 30 days, the deficiency notice becomes final and you must pay the amount due.

Redetermination Hearing

If you request a redetermination hearing, you will be required to submit a statement of grounds. An attorney from the Comptroller's General Counsel Division will respond to your statement in a position letter. If you agree with the position letter, it may be possible to resolve the issue at this point without a formal hearing.

A redetermination hearing is an administrative review conducted by an administrative law judge. The position of the tax division supporting the audit results will be presented by a hearings attorney from the Comptroller's General Counsel Division. You may present your own case or be represented by an attorney.

Hearings are held before an administrative law judge who is independent of both the General Counsel Division and the tax divisions. Oral hearings are held in Austin, Texas. You may present your case in writing, if that is more convenient.

The Comptroller issues the final decision.

Most disputed audits are resolved through the redetermination process. A taxpayer who disagrees with the Comptroller's decision may, after payment of any liability, take the case to a district court in Travis County, Texas.

Motor Vehicle Rental Tax Forms

- 130-U Application for Texas Certificate of Title/Motor Vehicle Tax Statement – documents a retail sale between a seller and a buyer. The form is available from the county tax assessor-collector's office or the Comptroller's office.
- AP-143 Texas Motor Vehicle Rental Tax Application – to apply for a rental tax permit.
- 14-103 Texas Motor Vehicle Rental Tax Return – to report and pay rental tax. A report must be filed for every reporting period even if there is no rental tax to report. The return is due by the 20th day of the month following the end of the reporting period.
- 14-104 Texas Motor Vehicle Rental Tax Return-Supplement – used in conjunction with a rental tax return to report a motor vehicle is no longer used for rental. A supplement is filed only when a vehicle is retired from rental service, even if no additional minimum tax is due.
- 14-105 Texas Motor Vehicle Rental Tax – Declared Estimate and Prepayment Report – to estimate and prepay a tax liability for a reporting period. The prepayment report is due by the 15th day of the second month of the quarterly filing period.
- 14-305 (Front) Motor Vehicle Verification Certificate for Rental Tax – to claim credit for rental tax which can be applied against the minimum tax liability of a motor vehicle and to document reimbursement of motor vehicle sales and use tax.
- 14-305 (Back) Motor Vehicle Rental Exemption Certificate – to validate a tax-exempt rental. The certificate must be signed by the customer or an authorized representative and kept in the title or possession owner's records as proof of the exempt rental.

We're here to help! Call Toll Free.

If you have questions or need information on a specific tax,
please call our toll-free numbers:

(800) 252-5555

911 Emergency Service/Equalization
Surcharge
Automotive Oil Fee
Battery Fee
Boat and Boat Motor Sales Tax
Customs Broker
Fireworks Tax
Mixed Beverage Tax
Off-Road, Heavy-Duty Diesel
Equipment Surcharge
Oyster Fee
Sales and Use Taxes
Telecommunications Infrastructure Fund

(800) 531-5441

Cement Tax
Inheritance Tax
Local Revenue
Miscellaneous Gross Receipts Taxes
Oil Well Servicing Tax
Sulphur Tax

(800) 531-5441, ext. 3-3630

WebFile Help

(800) 252-1381

Bank Franchise
Franchise Tax

(800) 252-7875

Spanish

(800) 531-1441

Fax on Demand (Most frequently requested
Sales and Franchise tax forms)

(800) 252-1382

Clean Vehicle Incentive Program
Manufactured Housing Tax
Motor Vehicle Sales Surcharge,
Rental and Seller Financed Sales Tax
Motor Vehicle Registration Surcharge

(800) 252-1383

Fuels Tax
IFTA
LG Decals
Petroleum Products Delivery Fee
School Fund Benefit Fee

(800) 252-1384

Coastal Protection
Crude Oil Production Tax
Natural Gas Production Tax

(800) 252-1387

Insurance Tax

(800) 252-1385

Coin Operated Machine Tax
Hotel Occupancy Tax

(800) 252-1386

Certificates of Account Status/Good
Standing
Officer and Director Information

(800) 862-2260

Cigarette and Tobacco

(888) 4-FILING (888-434-5464)

TELEFILE: To File by Phone

(800) 252-1389

GETPUB: To Order Forms and
Publications

(800) 654-FIND (800-654-3463)

Treasury Find

(800) 321-2274

Unclaimed Property Claimants
Unclaimed Property Holders
Unclaimed Property Name Searches
(512) 463-3120 (Austin)

(877) 44RATE4 (877-447-2834)

Interest Rate

Texas Comptroller of Public Accounts

Publication #96-143

Revised June 2008

For additional copies write:

Texas Comptroller of Public Accounts
111 East 17th Street
Austin, Texas 78711-1440

For more information, visit our Web site

www.window.state.tx.us

Receive tax help via e-mail at

tax.help@cpa.state.tx.us

The Texas Comptroller of Public Accounts is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age or disability in employment or in the provision of any services, programs or activities.

In compliance with the Americans with Disabilities Act, this document may be requested in alternative formats by calling the appropriate toll-free number listed at left, or by calling:

(512) 463-4600 in Austin

(512) 475-0900 (FAX)