



**Sales and Use Tax Division  
North Carolina Department of Revenue  
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**IMPORTANT NOTICE: INCREASE IN THE HIGHWAY USE TAX DUE  
ON THE LEASE OR RENTAL OF CERTAIN MOTOR VEHICLES**

Effective January 1, 2016, the maximum alternate highway use tax on a continuous lease or rental to the same person of a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in N.C. Gen. Stat. § 20-4.01, and for each recreational vehicle, as defined in N.C. Gen. Stat. § 105-187.1(4), is increased to two thousand dollars (\$2,000). The increase in the maximum tax applies to a lease or rental agreement for such motor vehicles entered into on or after January 1, 2016. A retailer that elects not to pay the highway use tax to the North Carolina Division of Motor Vehicles when applying for a certificate of title for a motor vehicle purchased by the retailer for lease or rental, shall pay the alternate highway use tax due on the gross receipts derived from the lease or rental of a motor vehicle to the North Carolina Department of Revenue.

Prior to January 1, 2016, the maximum alternate highway use tax was one thousand dollars (\$1,000.00) for the continuous lease or rental to the same person for either a Class A or Class B commercial motor vehicle or one thousand five hundred dollars (\$1,500) for a recreational vehicle not subject to the one thousand dollar (\$1,000) maximum tax.

The rate of alternate highway use tax due on the gross receipts derived from a short-term lease or rental of a motor vehicle remains eight percent (8%), and the rate of alternate highway use tax due on the gross receipts derived from a long-term lease or rental of a motor vehicle remains three percent (3%). Additionally, other than for a Class A or Class B motor vehicle that is a commercial motor vehicle and a recreational vehicle, as such are described herein, there is no maximum alternate highway use tax applicable to the lease or rental of a motor vehicle.

**Assistance**

General questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

*To the extent that there is any change in statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.*