

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department for the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.)

The purpose of this information release is to provide an overview of the change to RSA 78-A, Chapter REV 700, Meals and Rooms Tax, which, effective July 1, 1999, will tax the rental of motor vehicles. If you have specific questions, you may contact the Department of Revenue Administration, Collection Division, P.O. Box 454, Concord, NH 03302-0454, (603) 271-3701.

MOTOR VEHICLE RENTAL TAX

Copies of the actual legislation may be obtained from:
Web: www.state.nh.us/gencourt/bills/99bills/hb0117.html
State Library: Reference Desk 271-2144.

Highlights of the law:

Chapter 17 of the Laws of 1999 which was signed into law by the Governor on April 29, 1999, imposes an 8% tax on the " gross rental receipts " from the rental of motor vehicles, effective July 1, 1999 . Gross rental receipts means the value received or promised as consideration to the owner of a motor vehicle for the rental of the vehicle, but does not include separately stated charges for insurance, charges for damages to the motor vehicle occurring during the rental agreement period, or separately stated charges for motor fuel sold by the owner of the motor vehicle.

The term " operator " now includes any person receiving consideration for the rental of a motor vehicle for a period of 180 days, or less. The term " motor vehicle " means a vehicle designed to transport persons or property on a public highway.

Operators not currently licensed under RSA 78-A shall register with the department the name and address of each place of business within the state and pay a \$5.00 fee for each application. Upon receipt of the completed application, the department will issue a license for each location. Operators having 2 or more locations may request permission to file a consolidated return, as provided in administrative rule Chap Rev 704.05, but each location must be licensed. Upon licensing, each operator will be provided with a workbook which explains the filing and payment process in more detail. The license must be posted in a conspicuous public area at the business location. The license expires on June 30 in each odd-numbered year.

Each operator shall, on or before the 15th day of each calendar month following the collection of taxes, file a return and remit payment of the taxes collected. Operators are allowed to retain 3% of the taxes due and remitted provided the return and payment are timely filed and remitted, and they have maintained the prescribed records and proper accounting of taxes. The effective date of the tax is July 1, 1999 ; therefore, the first return and remittance of taxes are due no later than August 16, 1999 (the 15th falls on a Sunday). The filing of returns and payment of the tax is accomplished primarily through an electronic filing system (by telephone or a

personal computer, at operator's option) and automatic withdrawal of tax due from a pre-designated bank via automated clearing house (ACH) debit authorization. Any operator that chooses not to file electronically shall forfeit the 3% commission allowed if their taxable receipts are \$25,000 or more in the prior calendar year. These operators may file a paper return, a copy of which is included in the workbook referenced above.

The application for operator's license (Form CD-3) may be obtained by: contacting the Department of Revenue Administration, Collection Division, 45 Chenell Dr., PO Box 454, Concord, NH 03302 -0454, (603) 271-3701 or, by downloading the application from the department's website.