
CHAPTER 8

LEASE AGREEMENTS

Each applicant may be requested to submit a copy of a lease for review to ensure legal sufficiency. It is the responsibility of the applicant to have an adequate lease containing the particular provisions as required. Every lease executed pursuant to a Maryland IFTA license shall be subject to Maryland law.

A lessor regularly engaged in the business of leasing or renting motor vehicles without drivers for compensation to licensees or to other lessees may be deemed to be the licensee, and upon meeting the proper requirements may be issued a license by the base jurisdiction.

A. Lease Term of Less than 30 days (short-term lease). For short-term lease contracts, the following shall apply:

- 1) Motor vehicle rental. In the case of a short-term motor vehicle rental, the lessor shall report and pay the motor fuel tax unless the lessor has a written rental contract designating the lessee as responsible, and the lessor has a copy of the lessee's IFTA fuel tax license which is valid for the term of the rental.
- 2) Independent Contractor. In the case of a motor carrier using independent contractors under a short-term trip lease, the trip lessor shall report and pay the motor fuel tax.

B. Lease Term of More than 30 days (long-term lease). For long-term lease contracts, the following shall apply:

- 1) The lessor and lessee have the option of designating the party responsible to report and pay the motor fuel tax. If the lessee-carrier is the designated party to report and pay the motor fuel tax pursuant to a written lease contract, the base jurisdiction for IFTA purposes is the base jurisdiction of the lessee.
- 2) If there is no written lease contract, or if such lease does not designate the responsible party to report and pay motor fuel taxes, the lessee shall be responsible for reporting and paying the motor fuel tax.

C. Intermittent Leases

For intermittent or variable lease contracts, in the case of a household goods lessee-carrier using independent contractors, agents, or service representatives as lessors, when the qualified motor vehicle is being operated under the lessee's base jurisdiction, the lessee-carrier shall be responsible for reporting and paying motor fuel tax, and when the qualified motor vehicle is being operated under the lessor's base jurisdiction, the lessor shall be responsible for reporting and paying motor fuel tax.