

## Form E-500F Motor Vehicle Lease & Subscription Tax Return

### General Instructions

1. Use Form E-500F to file and report your North Carolina motor limited possession commitment tax liability. Do not report the motor vehicle limited possession commitment tax liability on the sales and use tax return. (1) Lease receipts derived from long-term leases and that are not a vehicle subscription are taxed at the 3% rate of sales and use tax. (2) Lease receipts derived from short-term leases and are not a vehicle subscription are taxed at the 8% rate of sales and use tax. (3) Vehicle Subscriptions taxed at the 5% rate of sales and use tax. For more information on motor vehicle limited possession commitment tax, click [here](#).
2. A tax return must be filed for each filing period by the due date indicated or a delinquent notice for failure to file will be issued by the Department. The tax shown due on the return must be paid with the return or penalty and interest will be assessed by the Department. If you do not owe any tax for a filing period, you must file a return and enter zero (0.00) should be entered on Line 7. Do not write "No Tax Due" or any similar text on the return.
3. Complete the Motor Vehicle Lease & Subscription Tax Return on your computer and print the return.
4. If you discontinue business operations or sell your business, complete [Form NC-BN, Out-of-Business Notification](#), and mail it to the Department separate from any tax return to the Department at the address shown on the form.
5. Payment must be made in U.S. dollars by check or money order drawn on a U.S. (domestic) bank payable to the North Carolina Department of Revenue. Do not mail cash, stamps, or post dated checks with your return.
6. Sign each return and payment and mail to the address on the return.

### How to Prepare Return: Specific Line Instructions

**Line 1 - Long-term Leases - 3% Rate:** Under the column "Receipts," enter the total amount of gross receipts derived from leases or rentals of at least 365 continuous days, which are subject to the 3% rate of tax excluding the tax collected. Compute the tax due on the total amount of "Receipts" at the 3% rate and enter that amount under the column "Tax."

**Line 2 – Vehicle Subscription - 5% Rate:** Under the column "Receipts," enter the total amount of gross receipts derived from vehicle subscriptions, which are subject to the 5% rate of tax excluding the tax collected. Compute the tax due on the total amount of "Receipts" at the 5% rate and enter that amount under the column "Tax."

**Line 3 - Short-term Leases - 8% Rate:** Under the column "Receipts," enter the total amount of gross receipts derived from leases or rentals of less than 365 continuous days, which are subject to the 8% rate of tax excluding the tax collected. Compute the tax due on the total amount of "Receipts" at the 8% rate and enter that amount under the column "Tax."

**Line 4 - Total Tax:** Add the tax amounts on Lines 1, 2, and 3 and enter the sum.

**Line 5 - Penalty:** If the return is filed after the due date, add the **Failure to File Return penalty** of 5% of the tax amount shown on Line 4 for each month, or fraction thereof, that the return is filed late. The maximum Failure to File Return penalty is 25% of the Total Tax amount shown on line 4.

**If the tax was not paid when due, add the Failure to Pay Tax When Due penalty** of 10% of the tax amount shown on Line 4.

**Line 6 - Interest:** If the return is filed after the due date and tax is due, compute interest on the Total Tax on Line 4 from the date the taxes were due until paid. The Secretary of Revenue establishes the interest rate on a semiannual basis. The interest rate is 5% per year or .417% per month through December 31, 2019. Check the Department's website or contact the Department for the interest rate, in effect on or after January 1, 2020.

**Line 7 - Total Due:** Enter the total amount due by adding Lines 4, 5, and 6 and pay this amount.  
**Do not fold your return or payment.**

Additional information about the motor vehicle lease & subscription tax may be obtained from the Department's website, [www.ncdor.gov](http://www.ncdor.gov).