Louisiana Department of Public Safety

Office of Motor Vehicles

19.00 Leased/Rental Vehicles

Revised Date: 03/25/2026

Purpose

This policy describes requirements for leased vehicles, rental vehicles, and the termination of leases/rentals on vehicles.

Definitions

- **Lease Exemption Number –** issued to dealers who have an "N" dealer permit number, companies and/or dealers which have obtained a Motor Vehicle Lessor License from the Louisiana Motor Vehicle Commission, and financial institutions.
- **New Motor Vehicle Dealer –** Dealer licensed by the Louisiana Motor Vehicle Commission (LMVC)
- **Rent-to-Own Dealers -** Used vehicle dealers that have a lease exemption number issued by the Department of Revenue may enter into an agreement with a prospective purchaser to rent a vehicle for a long term (minimum of twelve months) with an option to purchase.

General

- Lease exemption numbers are required for eligible dealers, leasing companies, rental companies, financial institutions, and applicable trusts, with a separate number required for each location and titled entity.
- Dealers with a valid lease exemption number may enter into long-term lease or rent-to-own agreements with an option to purchase, when authorized by their permit.
- State and local sales tax may be due when a leased or rented vehicle is paid in full and ownership transfers to the renter or lessee based on the buyout amount.
- Transactions on these vehicles may be processed by any Office of Motor Vehicle Customer Service Center or Public Tag Agency.

Leased Vehicles/Rental Vehicles

Authority:
R.S. 47:305.36(C)

R.S. 47:301(7)(a); 10(a); 18(a)(i)

To view Louisiana Statutes: https://legis.la.gov/legis/home.aspx

General:

- Lease exemption numbers are issued to dealers who have an "N" dealer permit number, companies and/or dealers which have obtained a Motor Vehicle Lessor License from the Louisiana Motor Vehicle Commission, and financial institutions.
- Individuals must apply for a dealer permit number from the Louisiana Motor Vehicle Commission and obtain an exemption number from the Department of Revenue before leasing/renting a vehicle to another individual.
- Lease/Rental companies must have an exemption number for each location regardless if the company is an in-state or out-of-state company.
- Leased/Rental vehicles titled in the name of a titling, vehicle, or origination trust, must have an exemption number in that specific name or full tax will be due.

Requirements:

- The following documents must be submitted:
    - All applicable documents listed in Section 4, Policy 2.00 Basic Requirements for Obtaining a Certificate of Title
    - A completed R-1310 (Rev 07/16, 05/23, or 01/25) certificate must be submitted with each file to title a leased/rental vehicle.
    - Lease/Rental agreement

Fees:

- Title fee
- Handling fee
- License plate fee, if applicable
- Mortgage recordation fee, if applicable

Rent-to-Own Vehicles

Authority:

R.S. 47:305.36(C)

R.S. 47:301(7)(a); 10(a)(i); 18(a)(i)
To view Louisiana Statutes: https://legis.la.gov/legis/home.aspx

General:

- Used vehicle dealers that have a lease exemption number issued by the Department of Revenue may enter into an agreement with a prospective purchaser to rent a vehicle for a long term (minimum of twelve months) with an option to purchase.
- Lease exemption numbers are issued to rental purchase (rent-to-own) dealers who have a dealer permit number issued by the Used Motor Vehicle and Parts Commission. Dealers that have a

lease exemption number issued by the Department of Revenue may be exempt from state and local parish/municipality sales tax.

- Rental companies must have a lease exemption number for each location regardless if the company is an in-state or out-of-state company.
- Rental vehicles titled in the name of a titling, vehicle, or origination trust, must have a lease exemption number in that specific name or full tax will be due.

Requirements:

- The following documents must be submitted:
  - All applicable documents listed in Section 4, Policy 2.00 Basic Requirements for Obtaining a Certificate of Title
    - The original title must be properly assigned to the dealer.
  - A completed R-1310 (Rev 07/16, 05/23, or 01/25) certificate must be submitted with each file to title a rental vehicle.
  - A consumer rental purchase agreement
    - The agreement must indicate the complete description (year, make, model, and vin) of the vehicle, dealer's name and address, dealer code (if not indicated on the R-1310 certificate), renter's name and address, and the payment schedule.
    - The payment schedule must include the number and the amount of monthly payments and the date payments will begin.

Notes:

- All rental purchase automobiles, trucks, trailers or semitrailers are exempt from state and parish/municipality taxes.

Fees:

- Title fee
- Handling fee
- License plate fee, if applicable
- Mortgage recordation fee, if applicable

Sales Tax Charged on Termination of Lease/Rental

Authority:

R.S. 47:305.36
R.S. 47:301(7)(a), (10)(a)(i)
To view Louisiana Statutes: https://legis.la.gov/legis/home.aspx

General:

- Once a rented or leased vehicle has been paid in full and is being transferred into the renter's or lessee's name, sales tax may be owed based on the buyout amount.

Requirements:

- Sales tax will be assessed based on the amount listed on the bill of sale, provided a copy of the lease agreement is submitted and includes one of the following:
    - An option to purchase the vehicle for the same amount shown on the bill of sale.
        - **Lease Example**: John Deaux provides a lease agreement that states he has the option to purchase the vehicle at the end of the lease for $10,000. The bill of sale also lists the purchase price of $10,000. In this case, sales tax will be collected on the $10,000 amount shown.
    - Early termination where the vehicle is paid off earlier than shown on the contract.
        - **Lease Example**: John Deaux's lease agreement lists 30 payments of $250, and he pays off the vehicle in 20 payments. Tax shall be assessed on the agreed-upon sales price reflected on the bill of sale, in addition to the total amount of remaining payments under the lease agreement.
        - **Rental Example**: The contract indicates 30 payments of $250 and the renter pays the vehicle off in 20 payments, tax will be due on $2500 (10 payments early X $250).
    - A provision stating that ownership of the vehicle automatically transfers to the lessee/renter at the end of the agreement. If a termination value is listed, it must be zero
        - **Example**: John Deaux's agreement states that ownership of the vehicle will automatically transfer to the lessee/renter at the end of the agreement with no additional purchase price. The agreement and bill of sale lists the termination value at $0 and the payments were completed as scheduled. In this case, no sales tax will be due.
- **Transfer of Lease**
    - Occasionally a lease agreement provides that the rights and privileges of the lease can be transferred from the lessee to another individual. Sales taxes can be charged according to the requirements listed above if:
        - The lease agreement contains a provision that all rights and privileges can be transferred; AND
        - Documentation is attached showing that the lessor has transferred the lease agreement to the applicant.

Notes:

- Schedule for state/local sales taxes due on lease/rental vehicles

Effective Dates	State Tax	Parish / Municipality Tax	Parish / Municipality Tax
	Leased / Rented All Vehicles	Leased / Rented All Vehicles	Leased / Rented Trailers
Until 06/30/96	exempt	taxable	taxable
07/01/96- 06/30/99	exempt	exempt	taxable
07/01/99 - 06/30/00	exempt	exempt	exempt on 25%
07/01/00 - 06/30/01	exempt	exempt	exempt on 50%
07/01/01 - 06/30/02	exempt	exempt	exempt on 75%
07/01/02 - No Exp.	exempt	exempt	exempt