



Louisiana Department of Public Safety
Office of Motor Vehicles
Policy 19.00 Sales Taxes Charged on Termination of Leases

Section: 4. Motor Vehicle Registration Requirements

Effective Date: 05/01/1986

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Authority:

[R.S. 47:305.36](#)

[R.S. 47:301\(7\)\(a\), \(10\)\(a\)\(i\)](#)

To view Louisiana Statutes: <http://www.legis.state.la.us/>

General:

- Taxes imposed on vehicles which were previously "leased" vehicles are explained herein.

Requirements:

- Sales taxes will be charged on the amount shown on the bill of sale provided a copy of the lease agreement is attached and reflects one of the following:
 - An option to purchase the vehicle at a value equal to the bill of sale amount.
 - A termination value equal to the bill of sale amount.
 - A provision that the title will automatically pass to the lessee at the end of the lease. The termination value, if shown, will be zero.
- **Transfer** - Occasionally a lease agreement provides that the rights and privileges of the lease can be transferred from one lessee to another. Sales taxes can be charged according to the requirement 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.
- **Noncompliance** - Sales taxes will be charged in accordance with Section IV, Policy/Procedure Statement #49.01 when any of the following occur:
 - A copy of the lease agreement is not attached.
 - The lease agreement does not contain an option to purchase value or a termination value.
- There is no provision in the lease agreement that title will automatically pass to the lessee at the end of the lease.

Related Policies:

Section 4, Policy 49.01 [Exempt From Sales Tax- Lease/Rental Vehicles](#)

Section 4, Policy 2.00 [Basic Requirements For Obtaining A Certificate Of Title](#)