



MUNICIPALITY OF ANCHORAGE

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AMC 12.45 – RENTAL VEHICLE TAX INFORMATIONAL #7

Implementation of the Rental Tax on Retail Rental of Motor Vehicles

Issued: September 18, 2000

Pursuant to ordinance AO 2000-116(S), the rental vehicle tax (RVT) becomes effective October 1, 2000. This tax is levied on the retail rental of motor vehicles and is calculated to be 8% of fees and costs charged for rental of motor vehicle. Fees and costs are the value of all charges incurred by the renter. Finally, a renter is the person who has the right to operate or is responsible for the operation of a rented motor vehicle.

Fees and costs are incurred by a renter when specific performance has occurred (the motor vehicle has been operated on a specific day or the right to operate on a specific day has expired) or when the right of return of advance deposit no longer exists. Therefore, if fees and costs are incurred by a renter for the right to operate a motor vehicle on or after October 1, 2000 an 8% tax must be levied and collected by the rental agency. For example, a 30-day rental contract beginning before October 1, 2000 and ending after October 1, 2000 will require RVT to be assessed and collected from the renter for the portion of fees and costs associated with the right to operate the motor vehicle on and after October 1, 2000. Please note that whether a renter tenders payment before October 1, 2000 or after October 1, 2000 does not alter the fact that fees and costs incurred by the renter for the right to operate a motor vehicle on and after October 1, 2000 is a taxable event.

This methodology is for determination of whether or not to levy the RVT and is not required by the Municipality to be used at the end of a reporting period to ascertain the amount of taxes to be reported and remitted with that period's RVT tax return; AMC 12.45.060A.2. makes provision for a rental agency to consistently use either cash basis or accrual basis accounting for RVT tax return purposes. The above-mentioned methodology is, however, useful in determining whether or not to assess and collect the RVT for routine instances when a rental agency self-audits a rental contract and determines that additional fees and costs are warranted for a previous rental transaction. For example, if a rental agency determines in October 2000 that it has inadvertently undercharged a customer for a vehicle rental transaction completed in August and therefore charges additional fees and costs to the renter's credit card, the rental agency should not assess the RVT. Even though the additional fees and costs were collected in October, the right to operate the motor vehicle occurred before October 1, 2000 and therefore was not a taxable event.

If you have any questions about this matter, please contact the Treasury Division of the Municipality of Anchorage at the numbers listed below between 8:00AM and 5:00PM Monday through Friday, except on holidays.