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**RESPONSIBILITY FOR REPORTING DIESEL FUEL
USED BY MOTOR CARRIERS IN LEASED COMMERCIAL VEHICLES**

RAB-88-12. This Bulletin is to clarify those situations involving qualifying vehicles leased to a motor carrier. The party purchasing the license (decal) is responsible for reporting the fuel used by the truck(s) throughout the entire year.

Leased Commercial Motor Vehicles

The Michigan Motor Carrier Act, MCL 207.218, denotes the implication of tax on commercial motor vehicles leased to a motor carrier.

When the lease agreement between the lessor and lessee specifically defines the motor carrier licensing responsibilities, the agreement will prevail.

Below are some common leasing situations that illustrate reporting responsibility under the Motor Carrier Act.

1. Truck(s) leased from a lessor who has purchased decals.

The lessor is responsible for reporting fuel use regardless of whether the lessee is a licensed motor carrier or the activity involves an occasional trip lease for another company.

2. Unlicensed truck(s) leased from a lessor which supplies, pays or charges the lessee for fuel consumed.

In this situation the lessor, under MCL 207.218(2), is responsible for licensing and reporting the activity of the truck(s).

3. Leases less than 30 days.

The lessor is responsible for licensing and reporting fuel consumption by truck(s) leased for less than 30 days since the lessee is not in a position to report the activity of the truck for the balance of the license year.

Joint and Several Liability

It should be noted that in all leasing situations MCL 207.218(4) governs compliance responsibilities and tax liability of the parties. If a lessor or lessee who is primarily liable fails, in whole or in part, to discharge his or her liability, the failing party and the other party to the transaction shall be jointly and severally responsible for compliance with this Act and liable for the payment of the tax due.