

DEPARTMENT OF TAXATION

Amendments to Chapter 18-251,
Hawaii Administrative Rules

1. Section 18-251-1-01, Hawaii Administrative Rules, is amended by adding a new definition to read as follows:

"Peer-to-peer car-sharing marketplace" means any person who assists in the business of providing rental motor vehicles or vehicles to the public by:

- (1) Providing a forum, whether physical or electronic, in which vehicle owners or authorized possessors list or advertise vehicles for rent; and
- (2) Collecting payment from the lessee, either directly or indirectly through an agreement with a third party. [Eff 1/27/92; Am]
(Auth: HRS §231-3(9)) (Imp: HRS §251-1)

2. Section 18-251-1-02, Hawaii Administrative Rules, is amended to read as follows:

§18-251-1-02 "Lessor", defined. (a) As used in this chapter, "lessor" means any person in the business of providing rental motor vehicles or vehicles to the public~~[-]~~ and includes any person operating a peer-to-peer car-sharing marketplace.

Example~~[-]~~ 1:

ABC U-Drive (ABC) owns 100 cars and is in the business of providing cars to customers for a fee. ABC is the lessor of these cars, and the

incidence of the rental motor vehicle surcharge tax is on ABC.

Example 2:

Giro Transportation (Giro) is a peer-to-peer car-sharing marketplace company that provides a forum where prospective rental motor vehicle lessees may browse for cars they wish to rent. Giro enters into an agreement with car owners to provide cars to lessees for ground transportation. The lessee pays Giro the rental amount for the car and takes possession from the owner. The surcharge tax is imposed on Giro, not the owner, because Giro is the lessor, Giro provided the lessee a rental vehicle for a fee, and Giro is not a wholesaler, tour packager, nor travel agent. The owner is a wholesaler and is not subject to the tax under this chapter.

(b) For purposes of this chapter, a wholesaler, tour packager, or travel agent whose business and service may include arranging the rental vehicle transportation for a person shall not be deemed a lessor, unless the wholesaler, tour packager, or travel agent actually rents or leases (as defined in section 18-251-1-04) the vehicle.

Example [÷] 1:

Vacation Services (Vacation) is a tour packager company that arranges a variety of visitor industry services, such as air transportation, hotel room accommodations, ground transportation, tours, classes, and luaus into packages, and sells these services to tourists. ABC U-Drive (ABC) enters into an agreement with Vacation to provide the cars for ground

transportation. When the customer receives a rental car from ABC, the rental motor vehicle surcharge tax is triggered, and the surcharge tax is imposed on ABC, not Vacation[-], because Vacation is a tour packager who arranged rental vehicle transportation.

Example[+] 2:

Vacation Services (Vacation) decides that its business would become more profitable if it started to use its own cars instead of making arrangements with ABC U-Drive. Vacation acquires 5 cars and provides them to customers for a fee. Vacation is now the lessor of these cars, and the rental motor vehicle surcharge tax is imposed on Vacation." [Eff 1/27/92; Am] (Auth: HRS §231-3(9)) (Imp: HRS §251-1)

3. Material, except source notes and other notes, to be repealed is bracketed and stricken. New material except source notes and other notes, is underscored.

4. The foregoing copy of the rules, drafted in the Ramseyer format, is provided for reference only.