

FACT SHEET

Lessor/Lessee/Dealer Title Transfer Procedure

PennDOT allows the second assignment portion of Form MV-4ST, "Vehicle Sales and Use Tax Return/Application for Registration," to be used when a lessor assigns ownership of a vehicle to a lessee who then trades that vehicle in to a dealer. This procedure replaces the requirement of the lessee to obtain a certificate of title in his/her name prior to the transfer of ownership to the dealer as a result of a dealer trade. The lessee must pay the appropriate sales tax on the buyout amount of the lease and the \$50 title fee. The buyout price becomes the purchase price and must be listed in Section I on Form MV-4ST.

The acquiring dealer will not be allowed to hold the assigned certificate of title for up to six months as permitted in other ownership situations. The dealer is to be listed in Section D of the MV-4ST and must apply for a dealer title and pay the \$50 title fee within 20 days of the transfer of ownership from the lessee. The dealer would list the \$50 dealer title fee in the 2nd column of Section I on Form MV-4ST. The completed Form MV-4ST would list the lessor's name in Section B, the lessee's name in Section C and the acquiring dealer's name in Section D.

Please remember that a lessee cannot use the leased vehicle as a trade-in for a newly acquired vehicle until the lessee pays the appropriate sales tax on the buyout amount and a \$50 title fee as described above.

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