



City of Chicago  
Richard M. Daley, Mayor

Department of Law

Mara S. Georges  
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Revenue Litigation Division  
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<http://www.cityofchicago.org>

October 21, 2010

[Redacted]

Re: Request for Private Letter Ruling

[Redacted]

This letter is in response to your October 8, 2010 request for a private letter ruling on the application of the Chicago Personal Property Lease Transaction Tax (the "Lease Tax") (Chapter 3-32 of the Chicago Municipal Code) to the [Redacted] business of [Redacted]. A copy of your request is attached.

Section 3-32-030 imposes a tax to the lease or rental of personal property in Chicago, at a rate equal to eight percent (8%) of the lease or rental price. However, the Department of Revenue ("Department") has adopted a safe harbor by which 20% of the lease or rental price will be taxable in the case of [Redacted] where the lessor is responsible for the [Redacted].

The Department explained its reasons for creating this safe harbor in a 1984 letter [Redacted] (attached). Pursuant to Uniform Revenue Procedures Ordinance Ruling #3, taxpayers generally may not rely on opinion letters that are ten or more years old unless the letters are ratified in writing by the Corporation Counsel's Office. This will confirm that the 20% safe harbor referenced above is hereby ratified, and you may rely upon it. Applying this 20% safe harbor to the 8% lease tax results in an effective safe harbor tax rate of 1.6% of your gross receipts from [Redacted]. This safe harbor applies only to lessors [Redacted].

This letter is for general information purposes only and is conditioned upon the information submitted with your October 8, 2010 letter being true and correct.

Should you have additional questions, please contact me at (312) 744-9077.

Very Truly Yours

Weston Hanscom  
Deputy Corporation Counsel

cc: Department of Revenue

<sup>1</sup> At the time of the 1984 letter, the Lease Tax was taxed at six percent (6%), resulting in an effective (and now outdated) safe harbor tax rate of 1.2%. Lessors may **NOT** use the outdated 1.2% safe harbor rate.



V [REDACTED]

Tax Policy Section –City of Chicago  
Department of Revenue  
DePaul Center – Room 300  
333 South State Street  
Chicago, Illinois 60604-3977

October 8, 2010

Re: Request for Private Letter Ruling

Tax Form: 7550 – Personal Property Lease Tax

Statement of Facts: [REDACTED] We own our own [REDACTED] We have a 7,500 square foot location in Wheeling that stores the [REDACTED] whose sole purpose is to clean the [REDACTED] that we rent.

We are subject to the City of Chicago's Personal Property Lease Tax which carries a stated rate of 8%. We are under the understanding from the Chicago Department of Revenue that since we [REDACTED] that the rate that we should be charging our customers is 1.6%. There is no documentation out there that supports what the Department of Revenue has told us.

Conclusion: We would like a private letter ruling that would corroborate what the Department of Revenue has told us.

If you have any questions about this letter or our operations please feel free to contact me. I can be reached by phone at [REDACTED] Thank you for your time in looking into this matter.

I declare and affirm under penalty of perjury that the statements made herein are true and correct to the best of my knowledge, information and belief.

[REDACTED]

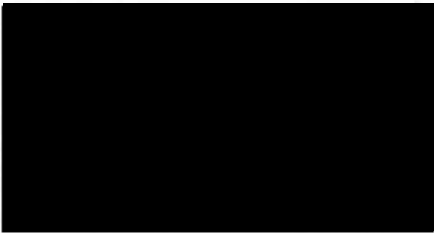
[REDACTED]



City of Chicago  
Harold Washington, Mayor

Revenue Collections  
City Hall, Room 107  
121 North LaSalle Street  
Chicago, Illinois 60602

February 10, 1984



Dear [Redacted]

The Chicago Department of Revenue recognizes that major components of a [Redacted] or [Redacted] business, which supplies [Redacted] and other industrial items, are the cleaning and maintenance of these items. However, a portion of the business of this industry also involves the rental of such materials and items. This portion of the business that reflects such rentals within the City of Chicago is subject to the 6% Chicago Transaction Tax.

After reviewing the independently compiled national statistics provided by members of your association, the department concluded that 20% of total business or sales of this industry for [Redacted] and industrial items used in the City of Chicago is normally taxable. This percentage is equivalent to 1.2% of the receipts of the business. This 20% figure is a "safe harbor" number. Anyone in your industry that uses this percentage will not be liable for any under collection of tax. It is understood that the figure will be reviewed next year after Chicago-area statistics have been compiled and the percentage will be revised if there is a significant difference between local and national statistics.

20% x 6%

Everyone in your industry should identify on their bills a portion of the bill that is taxable as a rental and charge the appropriate tax. The Chicago Transaction Tax should be collected beginning March 1, 1984 at the latest. The first tax return reflecting the tax collected in March is due by April 30, 1984. If you have further questions, please contact "Taxpayers Assistance" at (312) 744-1502.

Sincerely yours,

Ira J. Edelson  
Acting Director of Revenue