

CITY OF CHICAGO
DEPARTMENT OF REVENUE
PERSONAL PROPERTY LEASE TRANSACTION TAX RULING

Personal Property Lease Transaction Tax Ruling #8
Subject: Use: Titled or Registered Personal Property
Effective date: June 1, 2004

Formerly Ruling #12
Original effective date: March 23, 1992

Section 1. Pursuant to section 3-32-030(A) of the Chicago Municipal Code (“Code”), the Chicago Personal Property Lease Transaction Tax (the “lease tax” or “tax”) is imposed upon (1) the lease or rental in the City of personal property, or (2) the privilege of using in the City personal property that is leased or rented outside the City. Sections 3-32-030(A) and 3-32-050(A)(1) provide that the lease tax applies where: (a) the parties sign or otherwise enter into a lease or rental agreement outside the City and (b) the leased or rented personal property is delivered outside the City, if 50% or more of the use of the personal property occurs or will occur in the City. If delivery occurs in the City, it is presumed, unless otherwise proven, that 50% or more of the use will occur in the City. See also §3 of Chicago Personal Property Lease Transaction Ruling #1, relating to payment periods.

Section 2. In the lease tax ordinance, the word “use” (when utilized in the context of a lessee’s use of leased property in the City) means the exercise of any right to or power over personal property by a lessee incident to the lease or rental of that property. Section 3-32-020(P).

Section 3. In the case of personal property such as a motor vehicle, the garaging, storing or keeping of the property constitutes a “use” of the property within the meaning of the Ordinance. Personal property that is titled or registered at a location in the City with an agency of government of the State of Illinois shall be presumed to be garaged, stored or kept at the location to which it is titled or registered unless clearly proven otherwise by documentary evidence, such as legally binding insurance documents specifying the location where the property is required to be garaged, stored or kept when not in actual operation.