

Sales/Use/Indirect:

Illinois Appellate Court Says Chicago Lease Tax is Neither a Local Sales Tax Nor an Ad Valorem Tax

Case No. 19 L 12510, Ill. App. Ct. (11/9/22). In a vehicle lease agreement dispute between two private parties involving the responsibility of the lessor to pay certain underlying “ad valorem” and “local sales” taxes due, an Illinois Appellate Court held that the City of Chicago’s Personal Property Lease Transaction Tax (“Lease Tax”) – which is levied on the lease or rental of personal property in Chicago or on the privilege of using in Chicago personal property that was leased or rented outside Chicago – is neither an ad valorem tax nor a local sales tax. Accordingly, for the underlying case at hand, there was no basis to conclude that the lessor was responsible for the cost of the Lease Tax under the parties’ lease agreement. Please contact us with any questions.

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