

City of Chicago Brandon Johnson, Mayor

Department of Law Mary B. Richardson-Lowry, Corporation Counsel

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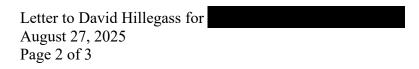
August 27, 2025

VIA EMAIL ONLY

David Hillegass
Managing Director, SALT Indirect
Global Tax Management, Inc.
656 East Swadesford Road, Suite 200
Wayne, Pennsylvania 19087
dhillegass@gtmtax.com

Re: Private Letter Ruling for	(" ")
Dear Mr. Hillegass:	
an opinion regarding whether subject to the Chicago Personal Pro Tax"), Chicago Municipal Code ("Cod	, is a nonpossessory computer lease perty Lease Transaction Tax ("Lease de") § 3-32, et seq., this Private Letter
of facts. As explained below, the D	and apply the law to your represented set epartment of Finance ("Department") sustomers as nonpossessory computer ader Code § 3-32-050(10).
into its operating account. For resident services including direct deposit into a pay, and account statements for their are created through an online enrollment.	facilitates basic banking partner bank accounts, direct debit, bill individual accounts. Resident accounts at process handled by the facility. Two use, and (2) allow family members to
	that the is a banking service that the alternative, that the product is a lease 1) exemption ("Exemption 11").

Lease Tax is imposed upon "the privilege of using in the city personal property that is leased or rented outside the city," including upon nonpossessory computer leases: "the customer obtains access to the provider's computer and uses the computer and its software to input, modify or retrieve data or information, in each case without the intervention (other than de minimis intervention) of personnel acting on behalf of the provider." Code §§ 3-32-020(I), 3-32-030(A).



We disagree that the product is a "non-taxable banking service". The platform software you describe in your Request falls within the above definition of a non-possessory computer lease. The allows users to input information regarding residents' funds, including setting up accounts, transferring or withdrawing funds, downloading statements, and running reconciliation reports. You state in your Request that while employees have some involvement in setting up accounts, the process is largely handled by customer facilities.

We also disagree that the product is exempt under Exemption 11. Exemption 11 applies to:

[T]he nonpossessory lease of a computer in which the customer's use or control of the provider's computer is de minimis and the related charge is predominantly for information transferred to the customer rather than for the customer's use or control of the computer

Code § 3-32-050(11).

The software as described in your Request does not fall within Exemption 11. Rather, on your platform, facilities "collect, track, allocate, and disburse funds" between their operating account and resident accounts, and residents may use "direct deposit, direct debit, [and] bill pay". users, both facilities and residents, may also download detailed account statements and reports. Family members may also access the portal to review transactions. Indeed, the reason subscribers pay for the sist to augment conventional banking services with tools and capabilities that are interactive and much more than de minimis.

Notwithstanding the degree of interaction that disqualifies your software from claiming Exemption 11, we have considered whether it may qualify for Code § 3-32-050 (10) ("Exemption 10"), which states:

The nonpossessory lease of a computer to effectuate the deposit, withdrawal, transfer or loan of money or securities, including any related review of accounts or investment options by the account owner, whether or not the parties to the lease also are parties to the deposit, withdrawal, transfer or loan.

Your Request states that transactions such as money deposits, withdrawals, or transfers are made, *i.e.*, "effectuated," via your platform. Therefore, the would meet the provisions of and would be exempt under Exemption 10.

[SIGNATURE PAGE TO FOLLOW]

Letter to David Hillegass for August 27, 2025 Page 3 of 3

This PLR is based on the text of the Lease Tax ordinance as of the date of this letter and limited to your Request's specific factual situation being represented accurately and completely. The opinions contained herein are expressly intended to constitute written advice that may be relied upon pursuant to Code § 3-4-325. However, please note that reliance on written advice in a PLR that is ten or more years old shall be deemed not reasonable unless ratified in writing by the Corporation Counsel's Office. See Uniform Revenue Procedures Ordinance Ruling #3, Section 12, Chi. Dept. Rev. (eff. June 1, 2004).

Very truly yours,

/s/ Crystal Janssen

Crystal Janssen Assistant Corporation Counsel City of Chicago Department of Law 2 North LaSalle Street, Suite 440 Chicago, Illinois 60602

Enclosure (1)

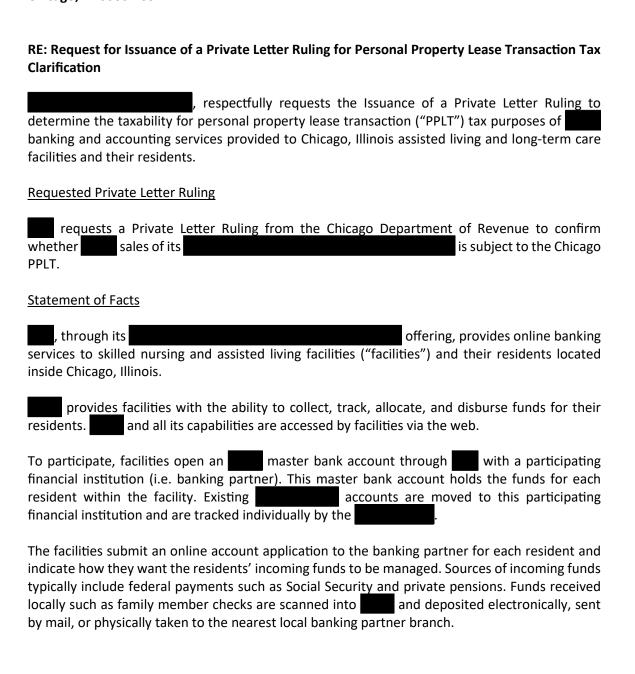
cc: Brian Carlson, Deputy Director, Department of Finance Susan Jordan, Deputy Corporation Counsel, Department of Law





April 29, 2025

Tax Policy Section
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These setup activities are directed and aided by employees; however, a large portion of the system is borne by the facilities. work setting up resident accounts within the Each resident may elect to have a transferring account in which payments for their care are automatically debited from their recurring income. The residual amount of their recurring income is maintained in their personal account. Services used by the resident account include direct deposit, direct debit, bill pay, and resident account statements. Vendor bills are sent directly to the facility. vendor payments and released to vendors via check or ACH payment from a controlled are keyed into disbursement account. Facility personnel key withdrawals into their residents' accounts which are transferred to the facilities' petty cash account and released to the residents. Facility personnel can download account statements and run reconciliation reports through The product allows family members to monitor their loved ones' personal bank accounts via the web. Support services for customer accounts include live person and chat support as well as monthly online training. sends account alerts for various activities including monitoring, fraud alerts, and reconciliations. Consistent with typical bank fees, the billing is month-to-month including a flat rate per facility, a fee per resident account, and a one-time set-up fee for new accounts. Like a banking platform, all platform software utilized to provide services is hosted, owned, maintained, and operated on servers located outside Chicago, Illinois. Additionally, like a banking platform, all services provided are accessed via the web. The an online banking platform targeted to the long-term care industry. <u>Applicable Attachments</u> Provided along with this Request for Issuance of a Private Letter Ruling is a copy of a typical contract entered into between and a facility for the (attached as Exhibit A). Statement of Authorities The Chicago personal property lease transaction 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.1

¹ Chicago Municipal Code Sec. 3-32-030(A)







The term "lease or rental" includes a "nonpossessory lease."²

The term "nonpossessory lease" includes a "nonpossessory computer lease."3

The term "nonpossessory computer lease" means:

[A] nonpossessory lease in which the customer obtains access to the provider's computer and uses the computer and its software to input, modify or retrieve data or information, in each case without the intervention (other than de minimis intervention) of personnel acting on behalf of the provider. The term "nonpossessory computer lease" includes, but is not limited to, time sharing or time or other use of a computer with other users. In the case of a nonpossessory computer lease, the location of the terminal or other device by which a user accesses the computer shall be deemed to be the place of lease or rental and the place of use of the computer for purposes of the tax imposed by this chapter.⁴

The remote utilization of computer software within Chicago, which does not constitute a sale, is subject to the personal property lease transaction tax as a nonpossessory computer lease.⁵

In relevant part, the following lease, rental, or use is exempt from the personal property lease transaction tax: "the nonpossessory lease of a computer in which the customer's use or control of the provider's computer is de minimis and the related charge is predominantly for information transferred to the customer rather than for the customer's use or control of the computer." 6

Analysis & Conclusions

It is opinion that its sales of are nontaxable banking services and not a nonpossessory computer lease subject to the personal property lease transaction tax.

As noted in the Statement of Facts, the users of the platform associated with the perform de minimis functions in the platform, including: updating individuals, updating account information, and setting up recurring deposits, transfers, and withdrawals. Additionally, after the setup functionality is complete, outside of normal banking functions, the users generally only have access to informational reporting. These tasks are performed via a web portal provided along with the

⁶ Chicago Municipal Code Sec. 3-32-050(A)(11)



² Chicago Municipal Code Sec. 3-32-020(I)

³ Chicago Municipal Code Sec. 3-32-020(I)

⁴ Chicago Municipal Code Sec. 3-32-020(I)

⁵ Chicago Personal Property Lease Transaction Tax Amended Ruling #5 (September 1, 2013); Chicago Personal Property Lease Transaction Tax Ruling #9 (June 1, 2004)



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It is opinion that the provision of	is a nontaxable banking service. The	ing
is similar to any national banking service	wherein individuals have access to update individua	als,
update accounts, and set up deposits, trar	nsfe <u>rs, and withdr</u> awals. Similar to the banking indust	ry,
utilizes software in the provision of	its but does not offer the full control	of
that software to its customers.		
and utilization over the underlying softw transferred to the customer rather than f	is of the position that the level of cont ware is de minimis and predominantly for informati for the customer's use or control of the computer, a rom the personal property lease transaction tax und	rol on nd

Attestation

To the best of knowledge, there are no existing rulings, procedures, or ordinances determining any similar circumstances.

Under penalties of perjury, I declare that I have examined this request, including the accompanying documents, and to the best of my knowledge and belief, the facts presented in support of the requested ruling are true, correct, and complete.

Thank you for your time and attention to this request. Please reach out to David Hillegass with Global Tax Management for any additional information.

Sincerely,

David Hillegass

dhillegass@gtmtax.com

610-324-0126

