



INFORMATIONAL BULLETIN

■ Chicago Personal Property Lease Transaction Tax

TO: All Taxicab Owners:

The purpose of this informational bulletin is to discuss the Chicago Personal Property Lease Transaction Tax, chapter 3-32, as it pertains to taxicab owners servicing the corporate limits of the City of Chicago who lease advertising space in or on their taxicabs.

General Information

Beginning May 1, 2006, taxicab licensees may apply for permits to display advertising on the exterior and interior of the vehicle. Separate permits are required for each exterior and interior advertising display. The fee for the issuance of any interior or exterior display permit shall be \$100.00 for each display, payable at the time of application. This fee shall be in addition to the Chicago Personal Property Lease Transaction Tax that applies to lease or rental payments pursuant to chapter 3-32 of the municipal code.

Does this tax only apply to taxicabs?

No, although the ordinance addresses taxicabs, per section 9-112-300(c) of the code, *Public passenger vehicle charter/sightseeing licensees may apply for permits to display advertising on the exterior and interior of the vehicle. Separate permits are required for exterior and interior advertising displays.*

Does the permit expire?

An interior or exterior advertising permit issued shall expire one year after the date of issue, unless sooner surrendered, revoked or terminated. In addition, permits cannot be transferred or assigned.

What is the Chicago Personal Property Lease Transaction Tax?

The Chicago Personal Property Lease Transaction Tax is a tax imposed on the lease or rental of personal property in the City of Chicago. More specifically, per chapter 3-32-030 (A): *Except as otherwise provided in this chapter, a 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. The incidence of the tax and the obligation to pay the tax are upon the lessee of the personal property.*

What is the tax rate?

Per chapter 3-32-030 (B) *The rate of the tax shall be six percent of the lease or rental price. The tax shall be paid by the lessee at the time of each lease or rental payment, and each tax payment shall be determined by applying the tax rate to the lease or rental payment.*

What is the responsibility of the lessor?

Per chapter 3-32-070 of the municipal code: *It shall be the duty of each lessor to collect the tax imposed by this chapter from the lessee at the time of each lease or rental payment, and to remit the tax to the department in accordance with Section 3-32-080 of this chapter. In the event that a lessor fails to collect or remit the tax required to be collected by this section, the lessor shall be liable to the city for the amount of such tax.*

Is there a commission granted for lessors who collect the tax?

Yes, the lessor is allowed a commission of 1% of the tax collected and timely remitted to the Department. To be considered timely, the remittance and return must be physically received or received in an envelope postmarked by the United States Postal Service on or before the due date.

What are the penalties for late payments?

Per chapter 3-4 of the Municipal Code, late payments incur interest at a rate of 12% per annum simple interest, calculated daily, based on a 365 day calendar year and a late penalty rate of 5% of the tax due.

How do I register for the Personal Property Lease Transaction Tax?

Please call 312-747-4747 (Customer Service) and you will be given instructions as to what steps to take in order to register for the tax. Failing to register and pay the tax in a timely manner may result in interest as well as late and negligence penalties being applied to payments not made.

How often is the tax paid?

The tax is to be remitted monthly with taxes collected in one month payable by the last day of the subsequent month. The tax return for periods commencing on July 1st of each year and ending on June 30 of the subsequent year, is filed annually and is due by August 15th of each year. Once registered, returns and payments can be made through the U.S. postal service, in person, or online at www.cityofchicago.org.

Questions?

If you have questions or need more information, please write us. Our address is:

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