

## Sales/Use/Indirect:

### Illinois Appellate Court Explains Chicago Lease Taxation on Finance Company's Vehicle Lease Assignments

*Case No. 1-24-0025*, Ill. App. Ct. (3/20/25). In a case involving an automotive financing company that took assignments of motor vehicle leases from independent automobile dealers operating both inside and outside of the City of Chicago, Illinois (City) and purchased the vehicles being leased, an Illinois Appellate Court (Court) affirmed that the company must remit City lease taxes on certain customer vehicle down payments received from the dealers (including the value of any trade-in vehicles) known as capitalized cost reduction (CCR) payments. However, the Court held in the taxpayer's favor that, under City law, it did *not* have to remit prorated City lease taxes on the CCR payments for vehicles that were leased from a dealer located outside of the City and registered by the lessee to a location outside of the City but which were subsequently "moved into" the City during the lease term. Please contact us with any questions.

**URL:** [https://ilcourtsaudio.blob.core.windows.net/antilles-resources/resources/d75a4e71-1abf-4f45-9a59-5670440581f9/Ally%20Financial,%20Inc.%20v.%20Chicago%20Department%20of%20Administrative%20Hearings,%202025%20IL%20App%20\(1st\)%20240025.pdf](https://ilcourtsaudio.blob.core.windows.net/antilles-resources/resources/d75a4e71-1abf-4f45-9a59-5670440581f9/Ally%20Financial,%20Inc.%20v.%20Chicago%20Department%20of%20Administrative%20Hearings,%202025%20IL%20App%20(1st)%20240025.pdf)

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