

Accelerated Lease Tax Example 3

Assume:

36-Month Lease

Money Factor .002

Rebate \$1000 – Applied to Upfronts

Trade-In Worth \$5000 – Owes \$7000 – Negative to be Capitalized

Acquisition Fee \$600 To be Capitalized

Taxable Etch for \$400 To be Capitalized

Note: There may be rounding issues.
Some lessors calculate rent differently.

Line Item Description on Lease:	Old Law	New Law Tax Paid Upfront
Agreed Upon Value of the Vehicle:	25000.00	25000.00
Residual:	10000.00	10000.00
Amounts Capitalized:		
Vehicle Price:	25000.00	25000.00
Other Amount Capitalized - Etch:	400.00	400.00
Other Amount Capitalized – Acquisition Fee:	600.00	600.00
Other Amount Capitalized – Negative Equity:	2000.00	2000.00
Total Amount Capitalized:	28000.00	28000.00
Capitalized Cost Reduction:	0	0
Adjusted Capitalized Cost	28000.00	28000.00
Total Lease Charges -Rent [(Adjusted Cap Cost + Residual) * Money Factor * Term In Months]:	2736.00	2736.00
Payment:		
Total of Base Payments:	20736.00	20736.00
Base Monthly payment	576.00	576.00
Tax on Monthly Payment:.065	37.44	NA
Total Monthly Payment:	613.44	576.00
Amounts Due at Inception:		
First Monthly Payment:	613.44	576.00
Security Deposit:	350.00	350.00
License, Fees, Doc:	300.00	300.00
Cap Cost Reduction:	0	0
Sales Tax on certain up front fees - old law:	0	NA
Accelerated Sales Tax Due Upfront:	NA	788.84 (see worksheet)

Total Due at Inception:	1263.44	2014.84
How Total Due at Inception will be Paid:		
Rebate:	1000.00	1000.00
Cash Due:	263.44	1014.84

Example 3 - Accelerated Sales Tax Worksheet

\$	25,000.00	Agreed Upon Value of Vehicle	
-	1,000.00	Rebates	
-	10,000.00	Residual	
-	5,000.00	Trade In Allowance	
+	400.00	Other Taxable Amount	Etch
+		Other Taxable Amount	
+	2736.00	Taxable Rent *	
=	12,136.00	Total Taxable Amount	
x	.065	Sales Tax Percent	
=	\$788.84	Total Upfront Sales Tax Due	

* Taxable rent is the total rent for the entire term of the lease assuming that the lessee is not capitalizing the sales tax.