

## Accelerated Lease Tax Example 4

Assume:

36-Month Lease  
 Money Factor .002  
 Rebate \$1000 - As Cap Cost Reduction  
 Free and Clear Trade-In Worth \$5000 - As Cap Cost Reduction  
 Cash \$1000 - Cap Cost Reduction  
 Acquisition Fee \$600 (to be paid up front)  
 Taxable Etch for \$400 (to be paid up front)

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:	0	0
Other Amount Capitalized:	0	0
Other Amount Capitalized:	0	0
Total Amount Capitalized:	25000.00	25000.00
Capitalized Cost Reduction:	7000.00	7000.00
Adjusted Capitalized Cost	18000.00	18000.00
Total Lease Charges -Rent [(Adjusted Cap Cost + Residual) * Money Factor * Term In Months]:	2016.00	2016.00
Payment:		
Total of Base Payments:	10016.00	10016.00
Base Monthly payment	278.22	278.22
Tax on Monthly Payment:.065	18.09	NA
Total Monthly Payment:	296.31	278.22
Amounts Due at Inception:		
First Monthly Payment:	296.30	278.22
Security Deposit:	350.00	350.00
License, Fees, Doc:	300.00	300.00
Etch:	400.00	400.00
Acquisition Fee:	600.00	600.00
Cap Cost Reduction:	7000.00	7000.00

Sales Tax on certain up front fees under old law including etch, acquisition fee and cash cap cost reduction - (no sales tax on cap cost reductions due to rebates or trade-in):	130.00	NA
Accelerated Sales Tax Due Upfront:	NA	742.04 (see worksheet)
Total Due at Inception:	9076.31	9670.26
How Total Due at Inception will be Paid:		
Rebate:	1000.00	1000.00
Trade Equity:	5000.00	5000.00
Cash Due:	3076.31	3670.26

#### Example 4 - 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	
+	2016.00	Taxable Rent *	
=	11,416.00	Total Taxable Amount	
x	.065	Sales Tax Percent	
=	\$742.04	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.