

MADA

Samples and Worksheets
Accelerated Lease Tax
Effective October 1, 2005

These examples should be used for illustrative purposes only.

Some lessors calculate “rent” differently than shown here.

MADA Sales Tax Workshop Accelerated lease Tax Example 1

Assume:

36-Month Lease
 Money Factor .002
 Free and Clear Trade Worth \$5000

Note: There may be rounding issues.

Line Item Description:	Old Law	New Law Tax Paid Upfront	New Law Tax Capitalized
Agreed Upon Value of the Vehicle:	25000.00	25000.00	25000.00
Rebate:	1000.00	1000.00	1000.00
Residual:	10000.00	10000.00	10000.00

Amounts Capitalized:			
Vehicle Price (After Rebate):	24000.00	24000.00	24000.00
Other Amount Capitalized Etch:	400.00	400.00	400.00
Other Amount Capitalized:			748.59
Other Amount Capitalized:			
Total Amount Capitalized:	24400.00	24400.00	25148.59

Capitalized Cost Reduction - Net Trade In:	5000.00	5000.00	5000.00
Adjusted Capitalized Cost	19400.00	19400.00	20148.59
Total Lease Charges -Rent [(Adjusted Cap Cost + Residual) * Money Factor * Term In Months]:	2116.80	2116.80	2170.70

Payment:			
Total of Base Payments:	11516.80	11516.80	12319.29
Base Monthly payment	319.91	319.91	342.20
Tax on Monthly Payment:.065	20.80	NA	NA
Total Monthly Payment:	340.71	319.91	342.20

Amounts Due at Inception:			
First Monthly Payment:	340.71	319.91	342.20
Security Deposit:	350.00	350.00	350.00
License, Fees, Doc:	300.00	300.00	300.00
Upfront Payment : Sales Tax:	NA	748.59	NA
Total Due at Inception:	990.71	1718.50	992.20

Example 1

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	_____
+ 2116.80	Taxable Rent *	
= 11,516.80	Total Taxable Amount	
x .065	Sales Tax Percent	
= \$748.59	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.

MADA Sales Tax Workshop Accelerated lease Tax Example 2

Assume:

36-Month Lease

Money Factor .002

Trade-In Worth \$15,0000 – Lien Payoff \$10,000

Note: There may be rounding issues.

Line Item Description:	Old Law	New Law Tax Paid upfront
Agreed Upon Value of the Vehicle:	25000.00	25000.00
Rebate:	1000.00	1000.00
Residual:	10000.00	10000.00

Amounts Capitalized:		
Vehicle Price (After Rebate):	24000.00	24000.00
Other Amount Capitalized: Etch	400.00	400.00
Other Amount Capitalized:		
Other Amount Capitalized:		
Total Amount Capitalized:	24400.00	24400.00
Capitalized Cost Reduction - Net Trade in:	5000.00	5000.00
Adjusted Capitalized Cost	19400.00	19400.00
Total Lease Charges - Rent [(Adjusted Cap Cost + Residual) * Money Factor * Term in Months]:	2116.80	2116.80

Payment:		
Total of Base Payments:	11516.80	11516.80
Base Monthly Payment:	319.91	319.91
Tax on Monthly payment:.065	20.80	NA
Total Monthly Payment:	340.71	319.91

Amounts Due at Inception		
First Monthly Payment:	340.71	319.91
Security Deposit:	350.00	350.00
License, Fees, Doc:	300.00	300.00
Upfront Payment : Sales Tax:	NA	98.59
Total Due at Inception:	990.71	1068.50

Example 2

Accelerated Sales Tax Worksheet

\$ 25,000.00	Agreed Upon Value of Vehicle	
- 1,000.00	Rebates	
- 10,000.00	Residual	
- 15,000.00	Trade In Allowance	
+ 400.00	Other Taxable Amount	Etch
+ _____	Other Taxable Amount	_____
+ 2116.80	Taxable Rent *	
= 1,516.80	Total Taxable Amount	
x .065	Sales Tax Percent	
= \$98.59	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.