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How a New Illinois Tax Law Will Save You Hundreds of Dollars on Leased Vehicles

January 1, 2015 marked the start of a new law that gives a substantial tax break to leasing a vehicle in Illinois. Governor Quinn signed a Public Act into law which allows lessees to pay sales tax on each lease payment on motor vehicle leases of more than one year for passenger cars, light trucks, recreational vehicles, and passenger vans. This is a change from the previous law which required the lessee to pay the tax on the entire cost of the vehicle, instead of the portion that was used during the life of the lease.



What does this mean for you?

Moving forward for each vehicle that you lease that's based in Illinois, you will save hundreds of tax dollars.

Here is an example of how the new law will work in your favor:

Vehicle Price: \$28,000

7.25% tax on vehicle price: \$2,030.00

7.25% tax on lease rate of \$543 X 36 months: \$1,417.23

Savings: \$612.77

This new law aligns Illinois with 47 other states that impose the sales tax on the lease payment stream.

If you have any questions about how this will affect your current method of managing your company vehicles, or would like a comparison of your vehicle financing processes, please contact Ewald Fleet Solutions today!