

**CITY OF CHICAGO**  
**DEPARTMENT OF REVENUE**  
**PERSONAL PROPERTY LEASE TRANSACTION TAX RULING**

Personal Property Lease Transaction Tax Ruling #4  
Subject: Leased time on equipment subject to tax  
Effective date: June 1, 2004

Formerly Ruling #8  
Original effective date: February 1, 1987

Pursuant to Section 3-32-030(A) of the Chicago Municipal Code (“Code” ), the Chicago Personal Property Lease Transaction Tax (the “lease tax” or “tax”) is imposed upon (1) the lease or rental in the City of personal property, or (2) the privilege of using in the City personal property that is leased or rented outside the City.

Code Section 3-32-020(H) defines a lease or rental as including leased time on or for the use of equipment such as calculators, computers and copiers. Therefore, even if the possession of the equipment does not transfer, if a usage charge is made for the use of the equipment, this charge is generally subject to tax. (But see exceptions discussed in Chicago Personal Property Lease Transaction Tax Ruling #3.). For time-sharing of computers and computer software see Chicago Personal Property Lease Transaction Tax Ruling #5.

Examples of the above include:

- The use of a computer, where possession of the computer does not transfer to the user but where a charge is made for the period or amount of usage by the user. (But see exceptions discussed in Chicago Personal Property Lease Transaction Tax Ruling #3.).
- The use of an addressing machine, where the possession of the machine does not transfer but where a charge is made for the number of addresses done or the period of use by the user. (Note: Where the operator retains exclusive control and possession of the addressing machine and for a given transaction the machine is used solely by the operator to provide a service to the purchaser, this is not taxable under the lease tax (see Chicago Personal Property Lease Transaction Tax Ruling #3) but may be taxable to an extent under the Home Rule Municipal Retailer’s Occupation Tax (MROT) (Code Section 3-40-010), which is administered by the Illinois Department of Revenue (IDOR).
- The use of a copying machine, where the possession of the machine does not transfer but where a charge is made per copy or for time used by the user. This does not apply, however, for coin operated machines, which are exempt. (Note: The transfer of paper, ink and other property through the use of the copying

machine is already taxable under the MROT; therefore, their cost price is excluded from the taxable charge subject to the lease tax.) See also, exceptions discussed in Chicago Personal Property Lease Transaction Tax Ruling #3.

- The use of a clothes washing or car washing machine, where the possession of the machine does not transfer but where a charge is made for the period of use of the machine by the user. This does not apply, however, for coin operated machines, which are exempt. Automatic car washing machines operated and controlled by the owner or manager of such machines, where the customers only drive their automobiles into and out of such machines, are not subject to this tax. See Chicago Personal Property Lease Transaction Tax Ruling #3.