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2023 KIA EV6 Retail Pricing Information

MSRP 55,920.00

Selling Price

Agreed Upon Value..... 49,117.39

Amounts Financed (Capitalized)

Acquisition Fee..... 650.00

Capitalized Costs/Cap Reductions

Gross Capitalized Cost..... 49,767.39

Partial EV Credit Cap Cost Reduction 4,633.88

Adjusted Capitalized Cost..... 45,133.51

Residual Data

Residual Factor (36mo. @15K mi./yr)..... 0.53

Residual Value (Residual Factor × MSRP)..... 29,637.60

Cost of Money/Term

Money Factor..... .00020

Term (months)..... 36

Lease Payment and Tax Base Itemization

Contractual Monthly Lease Payment..... 445.40

Taxable Monthly Base Payment..... 445.40

Tax Base 36 × 445.40..... 16,034.40

Payable at Lease Origination

Admin Fee..... 587.43

Admin Fee Tax @8.625%..... 50.66

Sales Tax @8.625% × 16,034.40..... 1,382.96

Partial EV Credit – Cap Reduction..... 4,633.88

EV Credit – Cap Reduction Tax @8.625%..... 399.67

1st. Payment..... 445.40

Total Lease Origination Fees..... 7,500.00

Total EV Credits..... 7,500.00

Amount Due at Lease Signing..... 0.00

Zero drive-off followed by 35 monthly payments of 445.40 each.

Fund Provider: KFS

GAP Coverage: Included

Annual Mileage Allowance: 15K

Disposition Fee: 350.00

Purchase Option Fee: 350.00

Excess Mileage Charge: 0.25 per mi.

The first thing one must do when completing a lease proposal is to compute the lease inception variable fees (e.g., cap reduction, sales tax levied on the *CCR*, contractual payment), with the goal that $DAS = 0$. To begin, compute the *CCR* and all remaining lease inception variable fees using the following formula and data.

$$CCR = \frac{C - K - \tau[FN(G + R) + G - R] - F(G + R) - \frac{G - R}{N}}{(1 + \tau) - \left[\tau(1 + FN) + F + \frac{1}{N} \right]}$$

CCR = Capitalized Cost Reduction

C = Total of Rebates/Credits/Incentives Plus Customer Cash = 7500

K = Total Fixed Fees (e.g., doc fee plus tax, title/registration,etc.) = 587.43 + 50.66 = 638.09

τ = Sales Tax Rate = 8.625%

F = Money Factor = .00020

N = Term = 36

G = Gross Capitalized Cost = 49767.39

R = Residual Value = 29637.60

The formula assumes sales tax is levied on the sum of the base payments and is not capitalized.

Substituting the above assigned values in the equation, we get $CCR = 4633.88$. Using the *CCR* compute the contractual payment = 445.40, compute the sales tax levied on the *CCR* which amounts to 399.67. Finally, compute the sales tax levied on the sum of the payments which is 1382.96.

If the computed $CCR < 0$, then the actual $CCR = 0$ and $DAS = 0$ no longer applies as the rebate/credits is insufficient to cover the lease inception fees and so, the actual *CCR* defaults to zero. The following identity applies.

Sum of the Lease Inception Fees = Rebate/Credits + Customer Cash (DAS)

If one wishes to make a *CCR* contribution, then the customer cash (*DAS*) must be increased (i.e., *C*) and the *CCR*, base payment, and contractual payment recalculated.

CAVEAT: Many experts warn that it is inadvisable to make a *CCR* contribution as a car is a depreciating asset and, therefore, strictly an expense, not an investment. Furthermore, in the event of a total loss, the lessee may only recover a portion of the *CCR*. As such, there is some degree of risk.

For those states that levy tax on individual payment streams with the goal that $DAS = 0$, consider the following examples.

$$CCR = \frac{C - K - (1 + \tau) \left[F(S + M + R) + \frac{S + M - R}{N} \right]}{(1 + \tau) \left[1 - \left(F + \frac{1}{N} \right) \right]}$$

CCR = Capitalized Cost Reduction

C = Total of Rebates/Credits/Incentives Plus Customer Cash = 1500

K = Total Fixed Fees (e.g., doc fee plus tax, title/registration,etc.) = 221.00 + 650.00 = 871.00

M = Capitalized Fees = 699.00

τ = Sales Tax Rate = 10.50%

F = Money Factor = .00153

N = Term = 36

S = Sell Price = 34593.00

R = Residual Value = 20987.88

Substituting the above assigned values in the equation, we get $CCR = 88.38$. Use the CCR to compute the base and contractual payment. All lease inception fees are summarized below.

CCR	88.38
CCR Tax	9.28
Doc. Fee	200.00
Doc Fee Tax	21.00
DMV Fee	650.00
1 st . Payment	531.34
Total	1500.00
Rebate/Credit	1500.00
DAS	0.00

Again, if the computed $CCR < 0$, then the actual CCR defaults to zero and the following identity applies.

Sum of the Lease Inception Fees = Rebate/Credits + Customer Cash (DAS)

To illustrate, consider a rebate/credit of only 500.00. Once again, substituting $C = 500$ and the remaining assigned values into the formula, results in a $CCR = -843.93$ and so, $CCR = 0$. The recalculated base and contractual payment are computed as follows.

$$\text{Base Payment} = F \times (S + M - CCR + R) + (S + M - CCR - R) / N$$

$$\text{Contractual Payment} = \text{Base Payment} \times (1 + \tau)$$

$$\begin{aligned} \text{Base Payment} &= .00153 \times (34593.00 + 699.00 + 20987.88) + (34593.00 + 699.00 + 20987.88)/36 \\ &= 483.44 \end{aligned}$$

$$\begin{aligned} \text{Contractual Payment} &= 483.44 \times 1.1050 \\ &= 534.20 \end{aligned}$$

And so, the following are the lease inception fees.

CCR	0.00
CCR Tax	0.00
Doc. Fee	200.00
Doc Fee Tax	21.00
DMV Fee	650.00
1 st . Payment	534.20
Total	1405.20
Rebate/Credit	500.00
DAS	905.20

Again, if one wishes to make a CCR contribution, then the customer cash (DAS) must be increased (i.e., C) and the CCR , base payment, and contractual payment recalculated.

CAVEAT: Many experts warn that it is inadvisable to make a CCR contribution as a car is a depreciating asset and, therefore, strictly an expense, not an investment. Furthermore, in the event of a total loss, the lessee may only recover a portion of the CCR . As such, there is some degree of risk.