



ST-556-LSE-X Amended Transaction Return for Leases Instructions

General Information

Who must file Form ST-556-LSE-X?

You must file Form ST-556-LSE-X if you are a registered retailer who files Form ST-556-LSE, Transaction Return for Leases, to report sales at retail of items for lease in Illinois and those items are of the type that must be titled or registered by an agency of Illinois state government (e.g., vehicles, watercraft, aircraft, trailers, manufactured (mobile) homes), and if you need to:

- correct your Form ST-556-LSE to pay more tax;
- request a credit for overpaid tax (Do **not** file Form ST-556-LSE-X for amounts less than \$1. Do not use the credit until we notify you that your credit has been approved.);
- respond to a bill or notice; or
- make corrections to line items but not change the amount of tax due.

If you received a notice from us that your original return is unprocessable, we cannot process an amended return (claim for credit) until you respond to the notice.

Do **not** file this return if you repossessed an item that must be titled or registered. Instead, you must file Form ST-557, Claim for Credit for Repossession of Motor Vehicles, Watercraft, Aircraft, Trailers, and Mobile Homes.

What is the deadline for filing this form?

The period for which you can claim a credit for an overpayment depends on when you file your Form ST-556-LSE-X. If you file this amended return between January 1 and June 30 of this year, you may file a claim for credit for the amounts you overpaid during the current year and previous 36 months. Beginning July 1, you may file a claim for the amounts you overpaid during the current year and the previous 30 months.

Note: Effective June 25, 2021, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under the Retailers' Occupation Tax Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations for issuing a notice of tax liability is automatically extended for 6 months from the date it would have otherwise expired.

If you are making an additional payment, please note that the longer you wait to pay, the more interest and, when applicable, penalty you will owe. For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes, available on our website at tax.illinois.gov.

How can I file Form ST-556-LSE-X?

Form ST-556-LSE-X must be filed electronically through MyTax Illinois at mytax.illinois.gov if the original Form ST-556-LSE, Transaction Return for Leases, was filed electronically through MyTax Illinois.

If the original Form ST-556-LSE was filed electronically using an approved service provider in the [Electronic Registration and Title program \(ERT\)](#) or was filed using a preprinted paper form, you need to file a paper Form ST-556-LSE-X to make changes to an original Form ST-556-LSE.

Mail completed paper returns to:

**ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19034
SPRINGFIELD IL 62794-9034**

What if I have questions?

Call us weekdays between 8:00 a.m. and 4:30 p.m. at **1 800 732-8866 or 217 782-3336**. Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.

Specific Instructions

Everyone must complete Steps 1, 2, and 4. You must also complete Step 3 if you are changing financial information.

Step 1: Identify the return you are amending and your business

Line 1: Enter the tax return number that appears on your original Form ST-556-LSE.

Lines 2 through 4: Enter your Illinois account ID number as it appears on your original Form ST-556-LSE. Also, enter the name of your business as it appears on your original return. Next, enter a daytime phone number for your business.

Step 2: Indicate the reason why you are filing an amended return

Mark the reason (Lines 1 through 10) that best reflects why you are filing an amended return for your original Form ST-556-LSE.

Line 5a: Enter on the lines provided the drive-away permit number or out-of-State license plate number **and the two-letter state abbreviation** of the lessee's state of residence. Note that the rules on whether a nonresident purchaser exemption can be claimed that apply to sales reported on Form ST-556 (i.e., whether the purchaser's state gives Illinois residents a nonresident purchaser exemption on their sales of motor vehicles or trailers that will be titled in Illinois) do not apply in a lease situation. **All** drive-away leases to non-Illinois residents are exempt from Illinois sales tax.

Note: Dealers claiming the exemption for a lease to a non-Illinois resident should keep a copy of the lessee's valid out-of-State driver's license in their records as proof of nonresidency. You also are responsible for obtaining a signed certification documenting the lessee's eligibility for the nonresident purchaser exemption.

As a condition of claiming this exemption, nonresident lessees must certify that they are not residents of Illinois. See ST-588, Nonresidency Exemption Certification for Sales and Leases of Motor Vehicles and Trailers, available on our website at tax.illinois.gov. Retain this certification in your records as proof that no tax was due on the sale of the specified item.

Line 5b: Keep a properly completed Form ST-587, Equipment Exemption Certificate, in your records for documentation.

Line 5c: Enter the governmental body's active Illinois Sales Tax exemption "E" number on the line provided.

Note: The lessee must be the governmental body itself, rather than a member or officer of the governmental body. The item must be paid for with the governmental body's funds. The governmental body's exemption number must have been in effect on the day you made the sale, and the lease must have been executed or in effect at the time of purchase.

Line 5d: Enter the certificate of authority number on the line provided. Keep a properly completed Form RUT-7, Rolling Stock Certification, in your records for documentation.

Line 5e: Mark this reason if the sale was exempt for a reason not identified in Lines 5a through 5d.

Line 6: Indicate the correct tax basis.

Note: Illinois law requires taxpayers to calculate the tax due using the lease signing amount and total lease payments, with no deduction for trade-ins, when selling for lease first division motor vehicles and certain qualifying leased second division motor vehicles.

This requirement regarding the alternate selling price applies only to leases entered into on or after January 1, 2015.

The lease must be a fixed-term lease contract for a period of more than one year. The qualifying leased second division motor vehicles are those with a gross vehicle weight rating of 8,000 pounds or less, those of a van configuration and designed to transport not less than seven or more than 16 passengers, and those which are self-contained and designed or permanently converted to provide living quarters for recreational, camping, or travel use and have direct walk-through access to the living quarters from the driver's seat.

For all other leases, you must use the actual selling price. This includes leases of non-qualifying items and leases of qualifying items under a lease contract that is not a defined period, including contracts with a defined initial period with the option to continue the lease on a month-to-month or other basis beyond the defined initial period.

If, however, a qualifying vehicle is leased for a defined period (e.g., 24, 36, or 48 months) but the contract contains a provision regarding the "Return of the Vehicle" or a similar provision that allows for the lease to continue for a short period (i.e., 1 to 6 months) but only after the lessee (customer) fails to meet the original terms of the lease or only with further agreement by the leasing company, then this provision does not disqualify the lease from being eligible for the new alternative definition of "selling price."

Lines 7 through 9: Enter the correct information on the lines provided.

Line 10: Mark only if Lines 1 through 9 do not apply. Enter an explanation on the lines provided. Attach additional sheets if necessary.

Step 3: Correct your financial information

Complete Step 3 to make corrections to the financial figures on your return. Round your figures to whole dollar amounts by dropping amounts of less than 50 cents and increasing amounts of 50 cents or more to the next higher dollar.

For **Line 4**, enter on the line provided the appropriate tax rate for the taxable location where the sale for lease occurred.

If you were assessed penalty and interest on the original Form ST-556-LSE that you filed, we will take those figures into account when we process your amended return. Do **not** include penalty and interest in the figures you enter in Step 3.

Column A

Lines 1 through 12: Enter the figures from your most recent return. These figures may be from your original Form ST-556-LSE or a previously filed Form ST-556-LSE-X.

Column B

Lines 1 through 12: Enter the corrected figures. If there is no change on a particular line from Column A, enter the figures from Column A for that line.

Note: If you have an amount entered in Column A that you are reducing to zero, enter "0" in Column B. Leaving a line in Column B blank may delay the processing of your return.

Lines 13 through 15: Follow the instructions on the form.

Detailed instructions for certain lines in Step 3

Line 1: If eligible, enter the amount of the lease contract, including the amount due at signing of the lease, plus the total amount of

all lease payments. Include any charges factored into the lease contract, including, but not limited to extended warranty, registration fees, title fees, negative equity, rebates, cash down payments, and the first month's lease.

Note: The selling price on which tax is calculated cannot be reduced by the amount of any trade-in. Therefore, if the amount of the lease contract has been reduced because of a trade-in, to figure out the amount to enter on Step 3, line 1, you must add the amount of any trade-in to the amount of the lease contract.

If not eligible, enter the actual selling price, including accessories, federal excise taxes, freight and labor, dealer preparation, documentary fees, and any rebates or incentives for which you as a dealer receive reimbursement. Do **not** subtract the value of any rebate made directly to the customer. In general, any cost passed on to the customer as part of the sale of an item and for which gross receipts are received should be included in the total price.

Note: If you are selling a new truck for lease that weighs 33,000 pounds or more or a new trailer or semitrailer chassis weighing 26,000 pounds or more, you may exclude the federal excise tax from the total price.

Line 2: Enter the corrected total trade-in credit or value. For sales made on or after January 1, 2020, up to and including December 31, 2021, do not enter more than \$10,000 for a traded-in first division motor vehicle (see Note below). For sales made on or after January 1, 2022, the trade-in credit limit no longer applies. Trade-in credit is not allowed if you entered on Step 3, Line 1, the amount due at signing, plus total lease payments. Do **not** deduct rebates.

Note: For sales for lease made on or after January 1, 2020, up to and including December 31, 2021, for purposes of calculating your Sales Tax due, you cannot claim trade-in credit exceeding \$10,000 for any first division motor vehicle that was traded in during the sale being reported on Form ST-556-LSE-X. This means that \$10,000 is the maximum credit a retailer may take on the return to reduce the taxable selling price of a motor vehicle when the retailer accepts the trade-in of a first division motor vehicle in the transaction, regardless of the value of or credit given for the trade-in. This does not prohibit the retailer from reducing the price of the vehicle being sold by the value of or credit given for the traded-in motor vehicle. It only limits the credit the retailer may take on the return for that trade-in. For sales made on or after January 1, 2022, the \$10,000 trade-in credit limit no longer applies.

Line 4: Calculate your tax due using the following to determine the appropriate rate:

- If you made this sale for lease at your standard business location (i.e., the location printed on the front of the paper Form ST-556-LSE returns the Department issues to you), multiply Line 3 by your standard tax rate.
- If you made this sale for lease at an off-site location (e.g., a tent sale), follow the instructions on ST-23, How to Report Off-Site Sales on Form ST-556, Sales Tax Transaction Return, or Form ST-556-LSE, Transaction Return for Leases, available on our website at tax.illinois.gov.

Note: If your sales location is in Cook, DuPage, Kane, Lake, McHenry, or Will County and the address of the party registering the item on Form ST-556-LSE, Section 2, is within the corporate limits of the city of Chicago, you must collect an additional 1.25 percent (.0125) Chicago Home Rule Use Tax. To help you calculate the tax due on one of these sales for lease, we preprint a combined rate below Line 4 on the paper Form ST-556-LSE returns the Department issues to you. This combined rate includes your tax rate, plus the additional 1.25 percent Chicago Home Rule Use Tax. To figure the correct tax due, multiply the amount subject to tax on Line 3 by the combined rate. Enter the result on Line 4.

Line 7: Complete this line only if you originally filed and paid the tax owed by the due date. If you filed on time, figure your discount at the rate of 1.75 percent (.0175) of the amount you paid on time. If you are increasing the amount of tax due, you may not increase the amount of your discount unless the increased tax due is paid on or before the due date of the original return. If you are decreasing the amount of tax due, you will need to refigure the amount of discount to which you are entitled based on your new figures.

Line 7a:

Note: Use Line 7a only if you have a business location in the Metro-East Mass Transit District portion of St. Clair County.

The Illinois Department of Revenue is responsible for collecting and administering the fee imposed by the transit authority on sales of items at retail when those items are required to be titled or registered by an agency of Illinois state government. Multiply Line 3 by 0.5 percent (0.005).

- If the result is **less than \$20**, enter the result on Line 7a.
- If the result is **\$20 or more**, enter \$20 on Line 7a.

Line 13: Enter the total amount you have paid. This figure includes the amount you paid with your original Form ST-556-LSE, any subsequent amended returns, and any assessment payments you have made. Reduce the total amount paid by any credit or refund of tax you have received for this transaction.

Line 14: If Line 13 is **greater than** Line 12, Column B, enter the difference on Line 14. This is the amount you have overpaid.

Line 15: If Line 13 is **less than** Line 12, Column B, enter the difference on Line 15. This is the amount you have underpaid. Pay this amount when you file the return. We will bill you for any additional penalty and interest that we calculate is due. Enter the amount you are paying on the line provided in the "Read this information first" section on the front of the return.

Step 4: Sign below

We cannot process this form until it is signed by the owner, officer, or other person authorized to sign the original return.

Penalty and Interest Information

If, on this amended return, you are increasing the amount of tax due, we will bill you for any additional penalty and interest that we calculate is due. If, on this amended return, you are reducing the amount of tax due or changing the due date, we will recalculate any penalty and interest that is due and include the recomputed amounts in determining the amount you have overpaid.

We will bill you for any amounts owed, including the following penalties and fees:

- You owe a **late filing penalty** if you do not file a processable return by the due date.
- You owe a **late payment penalty** if you do not pay the amount you owe by the original due date of the return.
- You owe a **bad check penalty** if your remittance is not honored by your financial institution.
- You owe a **cost of collection fee** if you do not pay the amount you owe within 30 days of the date printed on a bill that we send you.
- You owe a **nonfiling penalty for transaction returns** if you do not file a processable transaction return (ST-556, Sales Tax Transaction Return, or ST-556-LSE, Transaction Return for Leases) by the due date, but only if no tax is due on the return.

For more information, see Publication 103, Penalties and Interest for Illinois Taxes, available on our website at tax.illinois.gov.