



Illinois Department of Revenue

LSE-1 Instructions for Tax Return for Vehicle Leasing Companies

General Information

Who must file Form LSE-1?

You must complete Form LSE-1, Tax Return for Vehicle Leasing Companies, to report additional amounts if you offer for lease for a period of longer than one year a qualifying motor vehicle, titled or registered in Illinois, and under this lease the customer pays additional reportable amounts that were not included in the original selling price of the motor vehicle at the start of the lease.

When must I file Form LSE-1?

You must file Form LSE-1, along with any payment you owe, on or before the 20th day of the month following the month in which the lease customer paid additional reportable amounts that were not included in the original selling price of the vehicle. If you did not receive any additional reportable amounts from your lease customers for a given month, you do not need to file Form LSE-1 for that month.

Note: If the due date falls on a weekend or holiday, your return and payment are due the next business day.

How do I calculate my tax due?

Follow the step-by-step instructions at the bottom of the page and the Instructions to Form LSE-2 to calculate your tax due.

Must I file this return and pay the tax electronically?

Yes. Illinois law requires that Form LSE-1 be filed electronically and that any accompanying tax payment be paid electronically. MyTax Illinois on our website at tax.illinois.gov allows you to file your Form LSE-1 and Form LSE-2, Original Lease Information, and make an electronic payment of any tax due.

What are the qualifying leased motor vehicles?

Qualifying motor vehicles are:

- all first division motor vehicles, including motorcycles; and
- the following second division motor vehicles:
 - those with a gross vehicle weight rating of 8,000 pounds or less;
 - those of a van configuration designed to transport not less than 7 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.

What are additional reportable amounts?

Illinois law provides that when a qualifying motor vehicle is sold for lease and will be titled or registered in Illinois, in addition to amounts reported on the original Form RUT-25-LSE or Form ST-556-LSE, the selling price of the vehicle includes any amount received by the lessor from the lessee that is not calculated at the time the lease is executed, including, but not limited to, excess mileage charges and charges for excess wear and tear. This amount also includes monthly lease payments if these payments were not included in the original selling price (*e.g.*, lease payments made when the lease is extended beyond its original term). The law also provides that the lessor assumes the responsibility of the retailer for reporting and paying the tax due on this additional amount.

What if I fail to file my return or pay the amount I owe?

You owe a **late filing penalty** if you do not file a processable return by the due date, a **late payment penalty** if you do not pay the tax you owe by the date the tax is due, a **bad check penalty** if your remittance is not honored by your financial institution, and 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. Interest is calculated on tax from the day after the original due date of your return through the date you pay the tax. We will bill you for penalties and interest. For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes, available on our website at tax.illinois.gov.

What if I need help?

Visit our website at tax.illinois.gov or call weekdays between 8 a.m. and 5 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

Step 1: Figure tax

Lines 1 and 2: Using Form LSE-2, enter the total amount of additional reportable charges required to be paid by your lease customers that were not calculated at the start of the qualifying lease and the total tax due.

Line 3: If this return is electronically filed and the tax is paid by the due date, you are entitled to a discount. Multiply Line 2 by 1.75% (.0175).

Line 4: Subtract Line 3 from Line 2.

Line 5: If you collected more tax than is due on the transactions reported on your Form LSE-2 entries, enter the total amount you overcollected.

Line 6: Add Lines 4 and 5.

Line 7: If you have a credit memorandum or prior overpayment and you wish to use it towards what you owe, enter the amount you are using.

Line 8: Subtract Line 7 from Line 6. This is your total amount of tax due.