

Explains the effect of Public Act 93-1068 on the sale of a motor vehicle to an out of state resident. See Public Act 93-1068. (This is a GIL.)

January 10, 2006

Dear Xxxxx:

This letter is in response to your e-mail dated October 25, 2005, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Each year this Department submits the attached certification questionnaire to your agency concerning various types of motor vehicles and inquires about their taxable status within your state. Our last request to which you responded was dated July 23, 2004. Your reply and information provided in response to the questionnaire were not only appreciated, but they were also most beneficial to our Department and to those motor vehicle dealers in Florida who have made sales to residents of your state.

To continue using an accurate rate of tax from your state, we would again greatly appreciate your cooperation in completing the attached updated questionnaire.

If there have not been any changes to the taxable status of motor vehicles since your last response, please just respond with that comment.

Thank you very much for your help. Please have the completed survey or comments returned to me on or before November 10, 2005.

DEPARTMENT'S RESPONSE:

The Department's response to the questions remains the same as the 2004 response.

Please note though that, effective January 15, 2005, Public Act 93-1068 narrowed an existing exemption in the Retailers' Occupation Tax Act and the Use Tax Act that is allowed to an out-of-state purchaser who purchases a motor vehicle in Illinois, with delivery in Illinois, and then registers the motor vehicle outside Illinois in his or her home state. This Public Act provides that the exemption no longer applies if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. Florida is such a state. As a result, purchasers from Florida who take delivery of the motor vehicle in Illinois but register it in Florida will be required to pay Illinois tax on the vehicle at a rate of up to 6.25%, but no greater than the rate Florida would charge.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Sincerely,

Samuel J. Moore
Associate Counsel

SJM:msk