

The Use Tax does not apply to the use in this State of tangible personal property which has been acquired outside this State by a nonresident individual who then brings the property into this State for use here, and who has used the property outside this State for more than 90 days. See 86 Ill. Adm. Code 150.315. (This is a GIL.)

December 19, 2007

Dear Xxxxx:

This letter is in response to your letter dated August 31, 2007, 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:

I am writing in regards to Illinois tax laws. I am an active-duty military member, stationed in the United Kingdom. I plan on purchasing a new automobile while stationed overseas, which will be exempt from sales tax, at the time of purchase, here in the U.K. I have heard multiple rumors in regards to when and how much sales tax I will need to pay upon my return to the U.S. I have heard that if I own the car for more than 1 year, I am guaranteed a sales tax exemption. I have also heard six months or 1000 miles. I was wondering if there is any truth to these statements?

I will most likely be stationed in Nevada, Florida or Illinois. Therefore I am contacting their State revenue departments.

In Nevada, if you are an active duty, non-resident of Nevada, you can register your car in Nevada with no sales tax.

In Florida you can register your car tax free, only if you are a Florida resident and as long as the car will not enter the state of Florida for 6 months.

I was wondering if any thing similar to the above that might apply in Illinois; or if there are any other legal ways, that, an active duty military member stationed overseas, to

title and/or register my car in Illinois without paying sales tax? Would it make a difference if I were a Florida resident stationed in Illinois, vs. an Illinois resident stationed in Florida?

Also, I found that the Illinois sales tax is ~6.25% in and around Chicago and 6% for most of the rest of the state. Does this apply to a used vehicle? If so, when would my newly purchased car be considered used? And what is the value that I would be taxed. My car will most likely be a 2008 BMW M5 (MSRP w/ options ~\$95,000 - military deal ~\$85,000).

Any help in this matter would be greatly appreciated. If you could respond by email and by post, I would greatly appreciate it.

DEPARTMENT'S RESPONSE:

Section 10 of the Use Tax Act, 35 ILCS 105/10, provides that a purchaser of a motor vehicle from an out-of-State retailer shall file a return (Form RUT-25, Motor Vehicle Use Tax Return) with the Department and remit the proper amount of tax due on the selling price of the motor vehicle within 30 days after such motor vehicle is brought into this State for use.

The Use Tax does not apply to the use, in this State, of tangible personal property which is acquired outside this State by a nonresident individual who then brings the property to this State for use here, and who shall have used the property outside this State for at least 3 months before bringing the property to this State. See 86 Ill. Adm. Code 150.315. This exemption is not applicable if the 3-month requirement is not met, or if the purchase is not made by a nonresident individual. Your letter does not indicate whether Illinois is your home of record. If it is, then the exemption would not apply. If the exemption does not apply, please note that depreciation is allowed for out-of-State use by an Illinois resident. See 86 Ill. Adm. Code 150.105.

The tax rate varies. The tax rate is 6.25% for most of Illinois. The tax rate for Cook County is 7%, unless the person resides in Bensenville, Elmhurst, Hinsdale, Oak Brook, Roselle or Woodridge, in which case, the rate is 7.25%. A number of municipalities and counties have different rates. The rates are listed in the Department's Sales Tax Reference Manuals located on its Internet website identified below.

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).

Very truly yours,

Richard S. Wolters
Associate Counsel

RSW:mzk