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Bulletin

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New Class of Motor Vehicles Subject to Automobile Renting Occupation and Use Tax

**To: All Licensed Motor Vehicle Dealers and
Automobile Rental Companies**

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

For information or forms
Visit our website at:
tax.illinois.gov

Call us at:
1 800 732-8866 or
217 782-3336

Call our TDD
(telecommunications device
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This bulletin explains the changes resulting from the passage of Public Act 98-574, which amends the Automobile Renting Occupation and Use Tax Act to include rentals of any Second Division motor vehicle with a Gross Vehicle Weight Rating of 8,000 pounds or less.

Effective **January 1, 2014**, Illinois automobile rental companies must collect Automobile Renting Occupation and Use Tax on a new class of vehicle rentals — Second Division motor vehicles with a Gross Vehicle Weight Rating of 8,000 pounds or less, which includes pickup trucks and sport utility vehicles. As with other vehicles subject to Automobile Renting Occupation Tax, purchases of this new class of vehicles are exempt from Illinois Sales and Use Tax when made for rental purposes.

What classes of motor vehicles are taxed under the Automobile Renting Occupation and Use Tax Act?

The Automobile Renting Occupation and Use Tax Act defines a rental “automobile” as

- any First Division¹ motor vehicle;
- any Second Division² motor vehicle that
 - is a self-contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk-through access to the living quarters from the driver’s seat;
 - is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers; or
 - has a Gross Vehicle Weight Rating of 8,000 pounds or less.

Vehicles that are now subject to Automobile Renting Occupation and Use Tax include automobiles, pickup trucks, vans, motorcycles and motor-driven cycles, motor homes and recreational vehicles, and sport utility vehicles.

¹ A First Division motor vehicle is one designed to carry not more than 10 persons.

² A Second Division motor vehicle is

- a motor vehicle designed to carry more than 10 persons;
- a motor vehicle designed or used for living quarters;
- a motor vehicle designed for pulling or carrying freight, cargo, or implements of husbandry; or
- a First Division motor vehicle remodeled for use and used as a Second Division motor vehicle.

How does this change the way I file returns?

For Form ART-1 filers, you must include receipts from the rental of this new class of vehicles in your taxable receipts subject to Automobile Renting Occupation Tax.

If I purchased a Second Division vehicle to be used for rental purposes prior to January 1, 2014, and paid Illinois Sales and Use Tax at the time of purchase, am I required to collect Automobile Renting Occupation and Use Tax for this vehicle?

Yes. You must include receipts from the rental of any previously purchased Second Division vehicles in your taxable receipts subject to Automobile Renting Occupation and Use Tax, despite the fact that you were required to pay Sales and Use Tax at the time that you purchased the vehicle.

Will I receive a credit for Sales and Use Tax previously paid on a Second Division vehicle?

No. Any Sales and Use Tax paid at the time that you purchased a Second Division vehicle was lawfully owed at the time of purchase. The Department will not be offering a credit for tax previously paid.

Can I file my returns and pay electronically?

Yes. MyTax Illinois, the Illinois Department of Revenue's online account management program, provides a centralized location for taxpayers to file returns, make payments, and manage their tax accounts. Taxpayers filing Forms ART-1 and ART-2, Form ST-556, and Forms ST-1 and ST-2 also can use MyTax Illinois to check their account balances, review and print correspondence issued by the Department (including certificates of registration), and update their addresses and other contact information.