

■ Miscellaneous Sales and Use Tax Changes for Motor Vehicles

TO: Form ST-556 Filers

If you sell **new** vehicles at retail and a vehicle you sold is returned by the customer to the manufacturer for a refund under the New Vehicle Buyer's Protection Act, beginning with vehicles returned on or after August 17, 1995, you may file a claim for credit to recover the amount of sales tax you paid on the initial sale of the vehicle.

Are there any special requirements for filing this type of claim?

No. Claims filed for this reason are covered by the existing requirements for Retailers' Occupation Tax.

You must complete and file Form ST-556-X within the statutory time period. Be sure to answer the questions in Part 3. You must refund tax to your customer before we will process your claim.

TO: Taxpayers Who Modify Motor Vehicles to Make Them Usable by a Disabled Person

Beginning on or after August 17, 1995, the parts that are used to modify motor vehicles to make them usable by a disabled person are taxable at the food, drugs, and medical appliances tax rate. This rate applies to either your taxable sales or your taxable purchases.

What tax rate do I use?

The correct tax rate for your location is printed in Lines 5a, 7a, and 13a of your Form ST-1, Sales and Use Tax Return, or Line 5a of your Form ST-2, Multiple Site Form.

To report your sales of qualifying parts, write the taxable receipts from the sale of the parts used to make the modifications on Line 5a or 7a (as applicable) of your Form ST-1.

To report your taxable purchases of qualifying parts, write the purchase price of these parts on Line 13a of your Form ST-1.

If you do not have a preprinted form and you are unsure of the correct tax rate, please call us. Our telephone number is printed at the bottom of this bulletin.

How does this change apply to motor vehicle sales I make?

In general, if you are in the business of selling motor vehicles, but in addition to these sales you also modify or contract to modify a motor vehicle to make it usable by a disabled person, you must report the sale or use of the parts used to make the modifications on your Form ST-1.

If you sell a vehicle that has already been modified to make it usable by a disabled person, you must report the sale on your Form ST-556, Sales Tax Transaction Return. The tax rate preprinted in Line 4 of your Form ST-556 applies to the entire transaction.

T0: Suppliers of Parts Used to Modify Motor Vehicles to Make Them Usable by a Disabled Person

Beginning with sales made on or after August 17, 1995, the parts that are used to modify motor vehicles to make them usable by a disabled person are taxable at the food, drugs, and medical appliances tax rate.

How does this change affect my sales of parts that will be used for this purpose?

The sales of parts you make to registered servicepersons who modify motor vehicles for this purpose and file their own ST-1 returns will continue to be tax-free sales for resale.

The sales of parts you make to unregistered servicepersons or individuals who modify motor vehicles for this purpose are taxable at the food, drugs, and medical appliances tax rate.

What tax rate do I use?

The correct tax rate for your location is printed in Lines 5a and 7a of your Form ST-1, Sales and Use Tax Return, or Line 5a of your Form ST-2, Multiple Site Form.

If you do not have a preprinted form and you are unsure of the correct tax rate, please call us. Our telephone number is printed at the bottom of this bulletin.

What parts qualify for the lower tax rate?

Some examples of parts that qualify for this lower tax rate include, but are not limited to, the parts used to

- add special steering, braking, shifting, or acceleration equipment,
- modify the motor vehicle for accessibility (*i.e.*, adding a chair lift), and
- modify the motor vehicle for seating.

Questions?

If you have questions or need more information, please call or write us. Our telephone number and address are printed at the bottom of this bulletin.



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INFORMATION...**

CALL: 1 800 732-8866 or 217 782-3336

1 800 544-5304 TDD-telecommunications device for the deaf

WRITE: Illinois Department of Revenue, 101 W. Jefferson St., P.O. Box 19044, Springfield, IL 62794-9044