



## Changes for Form ST-556

## Informational Bulletin

December 2001

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Director of Revenue

### For information or forms...

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- ◆ Call our TDD  
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Springfield, IL 62794-9044
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### To:

All Businesses that Report Sales on Form ST-556, Sales Tax Transaction Return

New Illinois tax regulations have been adopted that affect Form ST-556. This bulletin describes

- ◆ revisions that we have made to Form ST-556 and instructions, and
- ◆ impacts that the regulations have on businesses that lease items then sell the previously leased items at retail.

Many businesses that file Form ST-556 are affected by the regulations only because we have revised the form. **If you do not lease items**, the five headings that immediately follow are the headings that apply to you.

**If you do lease items** and you meet the required criteria, you may take a credit for previously paid tax. All of the information in this bulletin applies to you.

For the purposes of this bulletin

- ◆ an "item" is a vehicle, watercraft, aircraft, trailer, or mobile home.
- ◆ "leasing" means the transfer of possession of an item for a valuable consideration. For automobiles, the lease must be for a period of **more than one year**.

### What changes have been made to Form ST-556 and instructions?

We have

- ◆ changed "purchaser" to "buyer" in Section 5, Items A and B.
- ◆ corrected the identifier for Section 5, Item E to read "buyer's IBT no."
- ◆ changed Line 8 to read "Net tax due."

- ◆ changed Line 9 to read "Prior overpayment (see instructions)."
- ◆ revised Line 10 to allow a leasing company, who also sells items at retail and who meets specified criteria, to take credit for previously paid tax on this line.
- ◆ below Line 10, added a supporting documentation line that you must complete if you claim credit on Line 10. On this line, write the tax return number of the ST-556 on which you previously paid tax for this same item to an Illinois retailer.
- ◆ removed the penalty and interest lines. We will notify you if you owe any penalties or interest.
- ◆ renumbered the lines from Line 10 to the end of the form. As a result, the line references used for math calculations have also changed.

In addition, we have changed the instructions for filing Form ST-556 to reflect the changes we made to the form.

Please see Page 4 of this bulletin to view a facsimile of the revised form.

### May I use my supply of old forms?

It depends on whether or not you use Line 10 on the revised form.

We ask that the many ST-556 filers that will not use Line 10 continue to use their old forms until they have used up the supply they have on hand. If you fit this category and you use a computer to print your forms, **do not** change your existing program until you receive and begin using the revised forms.

If you are entitled to take a credit on Line 10 of the revised form, you **must** begin using that form as soon as it is available. If you use a computer to print your forms, you **must** change your computer program before you begin using the revised form.

When will I receive the revised forms and instructions?

The revised forms will be available in the middle of January. We will send you a supply upon your request and will include revised instructions in those shipments.

How can I tell the difference between the revised form and the previous version?

You can identify the revised ST-556 by the revision date on the upper left-hand corner of the face of the return. The revision date is October 2001; it is printed as "(R-10/01)."

What if I use a computer to print the information on the ST-556 forms that I file?

Before you begin using the revised forms, you will need to make some adjustments in your computer program to allow for the form changes.

- ◆ For Lines 10 through 14, you must change the line identifications and the calculations used to arrive at the figures entered on those lines.
- ◆ Below Line 10, you must add a line on which to report the tax return number of the ST-556 on which you previously paid tax for this same item.

**Note:** Software vendors have also been notified of these changes.

What determines if I may take credit on Line 10 of the form?

If you are a business that both leases items in Illinois and also sells those items in Illinois at the end of the lease, you may have reason to take credit for previously paid tax on Line 10.

What criteria must I meet in order to take the credit?

You may take credit for previously paid tax only if you meet the following criteria:

- ◆ The amount of tax that you paid on the purchase of this **same** item was paid to an Illinois retailer on Form ST-556.
- ◆ The amount of credit you take for tax previously paid is equal to or less than the amount of the tax due on the ST-556 on which you are now reporting the retail sale of the **same** item.

**Note:** You cannot take credit for tax that was previously paid on a Form RUT-25, Use Tax Transaction Return. In this case, you must file a claim for credit on Form RUT-25-X, Amended Use Tax Transaction Return.

How do I report the credit?

You must report your retail sales of previously leased items on your Form ST-556 and take the credit on Line 10 of the form you file.

**Example 1:** If the original tax paid was \$1,000 and you are reporting \$600 tax due on the sale of that same item, you are allowed to take credit in the amount of \$600. Report this credit on Line 10 of your Form ST-556. The difference of \$400 is **not** usable on any other transaction.

**Example 2:** If the original tax paid was \$200 and you are reporting \$500 tax due on the sale of that same item, you are allowed to take credit in the amount of \$200. Report this credit on Line 10 of your Form ST-556.

On the line provided below Line 10, you **must** write the tax return number of the ST-556 on which you previously paid tax for this same item to an Illinois retailer. The Illinois retailer reported that tax to the department and provided you with a copy of the ST-556 when you made the purchase.

**Note:** When an Illinois retailer acting as your agent sells your motor vehicle for you, the retailer must use your Form ST-556 to properly report the sale and take credit on Line 10 for the tax you previously paid. The sales tax rate of the Illinois retailer, acting as your agent, must be used.

What documentation must I keep to support the credit that I take on Line 10?

You must keep a copy of the Form ST-556, Sales Tax Transaction Return, provided to you by the Illinois retailer that sold you the item. This form will show the amount of tax that you paid to the Illinois retailer.

### What if I have already sold the previously leased item and filed Form ST-556?

If you paid tax to an Illinois retailer on Form ST-556 for an item that you

- ◆ leased to a customer,
- ◆ have sold at the end of the lease, and
- ◆ have already filed the transaction for the retail sale,

you may file a claim for credit on Form ST-556-X, Amended Sales Tax Transaction Return.

### Is there a deadline for filing claims?

Yes. All claims for credit must be filed timely. The deadline for filing to obtain credit for an overpayment of tax changes semiannually on January 1 and July 1.

If you file an amended return between January 1 and June 30 of any given year, you may file a claim for tax overpaid during the current year and the previous 36 months.

For example, on an amended return filed between January 1 and June 30 of 2002, you may file a claim for an overpayment of tax made on or after January 1, 1999.

Beginning July 1, you may file a claim for tax overpaid during the current year and previous 30 months.

For example, on an amended return filed between July 1, 2002 and December 31, 2002, you may claim an overpayment of tax made on or after July 1, 1999.



Illinois Department of Revenue

**ST-556** Sales Tax Transaction Return  
(For Vehicles, Watercraft, Aircraft, Trailers,  
and Mobile Homes)

(R-10/01)

Do not write above this line.

NS CA DP RC TL

Tax return no.:  
IBT no.:  
Taxable location no.:  
Taxable location name:  
Dealer's license no.:  
Rev:  
Form:

**1 Write the buyer's name and address**

Name(s) \_\_\_\_\_

Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

**2 Describe the item sold**

- A Vehicle
- B Watercraft
- C Aircraft
- D Trailer
- E Mobile Home

New  Used

Identification no. \_\_\_\_\_

Year \_\_\_\_\_ Make \_\_\_\_\_

Body style and model \_\_\_\_\_

**3 Write the date of delivery**

\_\_\_\_/\_\_\_\_/\_\_\_\_  
(This return is due no later than 20 days after the date of delivery.)

**4 Describe the trade-in, if any**

Item traded in \_\_\_\_\_

Identification no. \_\_\_\_\_

Year \_\_\_\_\_ Make \_\_\_\_\_

Body style and model \_\_\_\_\_

**5 Is the sale from tax?**

If so, check the correct box below, and fill in Section 6, Lines 1 and 2.

- A Sold to an out-of-state buyer  
drive-away permit no./lic. plate no. \_\_\_\_\_ state \_\_\_\_\_
- B Sold for resale  
buyer's IBT no. \_\_\_\_\_
- C Sold to an exempt organization (government, school, religious,  
or charitable) tax-exempt no. E \_\_\_\_\_
- D Sold to an interstate carrier (attach Form RUT-7)
- E Sold for rental use  
buyer's IBT no. \_\_\_\_\_
- F This form is void (keep in your records for 42 months)
- G Other (describe) \_\_\_\_\_

Under penalties of perjury, we state that we have examined this return, including any schedules and statements, and to the best of our knowledge, it is true, correct, and complete. If the seller has taken a qualified trade-in, we also state that the buyer has properly assigned and surrendered the title of the trade-in to the seller.

Signature of buyer(s) \_\_\_\_\_ Date \_\_\_\_\_

Signature of Seller \_\_\_\_\_ Date \_\_\_\_\_

This form is authorized as outlined by the Illinois tax laws and the Illinois Vehicle Code. Disclosure of this information is REQUIRED. Failure to provide information could result in penalties. This form has been approved by the Forms Management Center. IL-492-1556

**6 Write the price, and figure the tax** (to nearest dollar)

- 1 Total price, including accessories, federal tax, and freight \_\_\_\_\_
- 2  Total trade-in credit or value \_\_\_\_\_  
 Net insurance settlement amount \_\_\_\_\_  
(attach Form RVT-7)
- 3 Amount subject to tax [Line 1 - Line 2] \_\_\_\_\_
- 4 Tax [Line 3 X \_\_\_\_\_] (If you made this sale from a temporary sales location, see the instructions.) \_\_\_\_\_

Use tax \_\_\_\_\_ (see instructions)

County \_\_\_\_\_

City \_\_\_\_\_

Township \_\_\_\_\_

Total tax [Line 4 + Line 5] \_\_\_\_\_

Retailer's allowance if filed on time [Line 6 X \_\_\_\_\_] \_\_\_\_\_

8 Net tax due [Line 6 - Line 7] \_\_\_\_\_

9 Prior overpayment (see instructions) \_\_\_\_\_

10 Credit for previously paid tax (see instructions) \_\_\_\_\_

On the line below, write the tax return number of the Form ST-556 on which you previously paid tax to an Illinois dealer.

Tax return no. \_\_\_\_\_

11 Excess tax collected. \_\_\_\_\_

12 Total tax due [Line 8 - Line 9 - Line 10 + Line 11] \_\_\_\_\_

13 Credit memorandum (see instructions) \_\_\_\_\_

14 Amount due [Line 12 - Line 13]. \_\_\_\_\_

Dealer's check no. \_\_\_\_\_

Do not write below this line.

Date received by Illinois state government Copy 1 - Revenue's

The descriptions and calculations for Lines 10 through 14 of this form have been changed.

Report credit you are taking for previously-paid qualifying tax on Line 10.

Write the tax return number of the form on which you paid tax to an Illinois retailer when you purchased the same vehicle that you are now reporting as a sale.

ATTACH PAYMENT HERE

**Note:**

You may continue to use the stock of ST-556 forms that you have on hand unless you need to use Line 10 on the form. If you use software to print your ST-556 forms, you must change your software when you begin using this new form revision.