



Form LSE-3 Instructions

General Information

Who must file Form LSE-3?

You must complete Form LSE-3, Lease/Rental Payments for Certain Titled or Registered Property, when you file Form LSE-1, Tax Return for Vehicle Leasing Companies, or Form LSE-1-X, Amended Tax Return for Vehicle Leasing Companies, if you had receipts for leases or rentals of the following titled or registered property:

- (i) trailers, other than semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State; or
- (ii) items that are required to be titled with an agency of this State but not required to be registered with an agency of this State, such as all-terrain vehicles ("ATVs") and off-road motorcycles.

What leases or rentals are reported on Form LSE-3?

Effective January 1, 2025, Public Act 103-592 amends the Retailers' Occupation Tax Act to provide that a lease of tangible personal property is considered a sale at retail. Generally, this tax on lease receipts does not apply to leases of motor vehicles, watercraft, aircraft, or semitrailers, as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of the State of Illinois. However, lease or rental receipts from the following titled or registered property are subject to tax:

- (i) trailers, other than semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State; and
- (ii) items that are required to be titled with an agency of this State but not required to be registered with an agency of this State, such as all-terrain vehicles ("ATVs") and off-road motorcycles.

Use Form LSE-3 to report receipts for leases or rentals of these items. This does not apply to "rent-to-own" transactions.

How can I find out what vehicle tax rate I should be collecting?

For most transactions, the tax rate that applies to lease or rental receipts from titled or registered items that are subject tax on such receipts is determined in the same manner as any other sale of tangible personal property. See, e.g., 86 Ill. Adm. Code 270.115.

For a lease or rental of an item requiring recurring periodic payments in which the lessor delivers the item to the customer, however, each periodic payment is sourced to the primary property location where the leased or rented item is located for the reporting period covered by the payment. See 35 ILCS 120/2-12(5.5).

Tax Rates are available in the **Tax Rate Finder** at mytax.illinois.gov.

Note: Items of tangible personal property that are subject to a local lease transaction tax that was adopted by ordinance by a home rule unit of local government prior to January 1, 2023, such as the City of Chicago's Personal Property Lease Transaction Tax, are exempt from the State tax on lease receipts under P.A. 103-592. 35 ILCS 120/2-5(49)(2).

When must I file Form LSE-3?

Form LSE-3 is due when you file Form LSE-1 or Form LSE-1-X. Form LSE-1, along with any payment you owe, is due on or before the 20th day of the month following the month in which you had receipts for leases or rentals of certain titled or registered property (e.g., ATVs, off-road motorcycles, trailers other than semitrailers, etc.).

Note: If the due date falls on a weekend or holiday, your return and payment are due the next business day.

The period for which you can claim a credit for an overpayment depends on when you file your Form LSE-1-X. If you file this amended return between January 1 and June 30 of this year, you may file a claim for credit for the amounts you overpaid during the current year and previous 36 months. Beginning July 1, you may file a claim for the amounts you overpaid during the current year and the previous 30 months.

For any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under the Retailers' Occupation Tax Act will expire less than six months after the date a taxpayer files the claim for credit or refund, the statute of limitations for issuing a notice of tax liability is automatically extended for six months from the date it would have otherwise expired.

Note: There is no deadline for making additional payments; however, the longer you wait to pay, the more interest and, when applicable, penalty you will owe. For more information about penalties and interest, see **Publication 103**, Penalties and Interest for Illinois Taxes, available on our website at tax.illinois.gov.

How can I file this return and pay the tax due?

You can use at MyTax Illinois at mytax.illinois.gov to file your Forms LSE-1 and LSE-3 electronically and make an electronic payment of any tax due.

What if I need help?

If you need help, visit our Taxpayer Answer Center, available at tax.illinois.gov or scan the QR code provided.

If you cannot find the answer to your question, you can email IDOR from the Taxpayer Answer Center.

You can also call weekdays between 8:00 a.m. and 5:00 p.m. at **1 800 732-8866** or **217 782-3336** or

1 800 544-5304 (TTY).

Language assistance services are available upon request and are free of charge.



Specific Instructions for Form LSE-3

Identify the lease payment information

Enter the Taxable Location Name, Location Code, Taxable Receipts, Rate and Tax due for receipts for leases or rentals of items of titled or registered property that are subject to tax on lease receipts. This will determine your total tax due for this lease transaction for this reporting period.