

The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. 35 ILCS 105/3.

September 28, 2016

Dear Xxxxx:

This letter is in response to your letter, in which you requested 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 in the process of moving my airplane ID#1 (previously ID#2) from STATE down to Illinois where I am becoming a resident. While looking into the requirement to re-register the plane in Illinois, I came across the RUT-25 form and had some questions that the service desk was not able to definitively answer.

When I registered my plane in STATE, I registered it under an LLC that I created for the sole purpose of being the named owner of the aircraft for liability reasons on the advice of an attorney. The LLC does not actually do any business of any kind. It is just a naming entity.

I have paid in full all the taxes in the state of STATE and have provided documentation along with this letter.

The question I have for the legal services office is this: Does my plane qualify for the tax exemption status under Step 4, box F of the RUT-25 form as I was an "out of state resident" and the plane has been used over three months outside of Illinois? As I mentioned, the airplane is solely for personal use and the LLC is just a naming entity with myself as the only named member and does not do any actual "business."

Please let me know the office's thoughts on this matter.

Thank you very much for your time.

DEPARTMENT'S RESPONSE:

The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. 35 ILCS 105/3. Use Tax would apply under the circumstances you describe in your letter. You must complete Form RUT-25, Vehicle Use Tax Transaction Return, when you are titling or registering the aircraft in Illinois.

The tax imposed by the Act also does not apply to the use in this State of tangible personal property that is acquired outside this State by a nonresident individual who then brings the property to this State for use here and who has used the property outside this State for at least 3 months before bringing the property to this State. 35 ILCS 105/3-70; 86 Ill. Adm. Code 150.315(a). This exemption is claimed by checking the box in Step 4, Line f of the RUT-25. A limited liability company cannot qualify for this exemption.

To prevent actual or likely multistate taxation, the tax imposed by the Act does not apply to the use in this State of tangible personal property that is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another State in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other State. 35 ILCS 105/3-55(d); 86 Ill. Adm. Code 150.310(a)(3). This credit may be taken on Line 7 of the RUT-25, Vehicle Use Tax Transaction Return. It appears you may be able to claim this exemption.

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.

Very truly yours,

Richard S. Wolters
Associate Counsel

RSW:bkl