

ST 19-0015-GIL 07/15/2019 MISCELLANEOUS

A person purchasing a motor vehicle from the federal government should file a RUT-50, Private Party Vehicle Use Tax Transaction. 625 ILCS 5/3-1001. (This is a GIL.)

July 15, 2019

Dear Xxxx:

This letter is in response to your letter dated May 24, 2019, 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](http://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 write to you per advice of IDOR agent “NAME” with whom I discussed my question on DATE. Per his advice, the law is not clear in this area and the best way to proceed is to get a letter ruling on classification from IDOR.

**Question** – when an Illinois individual purchases a vehicle directly from the Federal Government, which form should be used to figure the use tax due, RUT-50 (Private Party Vehicle Use Tax Transaction), or RUT-25 (Vehicle Use Tax Transaction Return)?

**Background Details** – on DATE, I purchased a vehicle at an auction from the General Services Administration (GSA), an agency of the Federal Government LINK. The auction was conducted by a local Illinois auction house contracted by Federal Government to run the auction and do the paperwork on their behalf. The auction was ‘GSA-only’, as opposed to other ‘dealership’ auctions that they may also conduct from time to time. All the paper work was handled by this auction house. They collected my payment and delivered to me The United States Government Certificate to Obtain Title to a Vehicle (copy attached), which I subsequently delivered to the DMV to apply for a title. The certificate clearly indicates that the Seller is GSA, with government agent’s name and contact information included. The auction house has also confirmed to me that the purchase was directly from the US Government and they can attest to this officially if necessary.

From my understanding of the rules and regulations in this case, automobile transactions with a dealership are subjected to the use tax figured on RUT-25; however, those conducted directly with a private party (no dealership involved) are subject to the reduced use tax computed on RUT-50. Since my purchase was directly from the seller, it seems I should be able to use RUT-50 in my case. However, per agent NAME's advice, the law is not clear in this case and thus my request for a ruling letter.

I thank you for your time and attention in advance.

**DEPARTMENT'S RESPONSE:**

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 86 Ill. Adm. Code 130.101. Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. The retailers are then allowed to reduce the amount of Use Tax they must remit by the amount of Retailers' Occupation Tax liability which they are required to and do pay to the Department with respect to the same sales. See 86 Ill. Adm. Code 150.130.

A tax is imposed on the privilege of using, in this State, any motor vehicle, as defined in Section 1-146 of Vehicle Code, acquired by gift, transfer, or purchase. The tax is commonly referred to as the Private Party Vehicle Use Tax. The rates are set by statute. 625 ILCS 5/3-1001.

A person must file Form RUT-50, Private Party Vehicle Use Tax Transaction, if he or she purchased or acquired by gift or transfer a motor vehicle from a private party, *e.g.*, from a non-retailer. In contrast, if the person purchased a vehicle from an unregistered out-of-state dealer, lending institution, leasing company, or retailer, or he or she purchased a passenger car from an unregistered Illinois lending institution or leasing company, he or she must complete Form RUT-25, Vehicle Use Tax Transaction Return.

The sale by the government is exempt from Retailers' Occupation Tax. 86 Ill. Adm. Code 2055(b). The purchaser does not owe a corresponding Use Tax. However, since the purchaser acquired the motor vehicle by purchase from a non-retailer, the purchaser owes Private Party Vehicle Use Tax.

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Richard S Wolters  
Associate Counsel