

This letter discusses whether a transfer of a motor vehicle qualifies as a business reorganization for purposes of the Vehicle Use Tax. 625 ILCS 5/3-1001. (This is a GIL.)

July 6, 2022

NAME/ADDRESS

Dear Mr. XXX:

This letter is in response to your letter dated May 26, 2022, 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 represent COMPANY, a trucking company located at STREET ADDRESS in the CITY, STATE.

I am I [sic] the process of doing a business reorganization as their trucks (## in total) were purchased and titled by members of the LLC; the Retailers' Occupation Tax was paid at the time of purchase, and we are transferring title of the trucks to the LLC without a change in the beneficial ownership.

The Secretary of State's office is asking for a letter stating that this is a business reorganization and the amount due is \$15.

I would very much appreciate receiving a letter from you to this effect

**DEPARTMENT'S RESPONSE:**

Section 3-1001 of the Illinois Vehicle Code imposes a tax on the privilege of using, in this State, any motor vehicle acquired by gift, transfer, or purchase. 625 ILCS

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5/3-1001. With certain exceptions, the amount of tax is based upon the model year of the motor vehicle unless the selling price of the motor vehicle is \$15,000 or more. A flat tax rate of \$15 is imposed for each motor vehicle acquired in a transaction when a motor vehicle which has once been subjected to the Retailers' Occupation Tax or Use Tax is transferred in connection with the organization, reorganization, dissolution, or partial liquidation of an incorporated or unincorporated business wherein the beneficial ownership is not changed. 86 Ill. Adm. Code 151.105(d).

Based on the limited information you provided, the Department cannot determine whether the transfer of the motor vehicles would qualify as a reorganization for purposes of the Vehicle Use Tax. Specifically, it is unclear who the owners of each of the vehicles are and their percentage of ownership in each of the vehicles, who the members of the LLC will be, and what their percentage of ownership will be in the LLC.

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

RSW:rkn