

This letter responds to an annual survey. (This is a GIL.)

August 11, 2025

NAME
COMPANY
EMAIL

Dear NAME:

This letter is in response to your email dated July 11, 2025, 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 <https://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:

We are updating the information in BOOK which is used by government offices throughout the country.....would you like any changes made to the information below for 2026 or is it correct as displayed?

OCCUPATION AND USE TAX/SALES TAX APPLICABLE TO TITLING — NOTE:

Updates may be implemented. State tax rate is 6.25% with some locally imposed taxes. RESIDENTS who purchase a new or used vehicle from out-of-state dealers, lending institutions, or leasing companies pay state tax of 6.25% but may include LOCAL TAXES depending on location in the state, on the net price after trade-in allowance, with CREDIT for sales or use taxes paid to other state. MILITARY PERSONNEL ARE NOT EXEMPT from sales taxes. Individuals moving into Illinois are EXEMPT from the USE TAX if vehicle was purchased AND titled in another state for at least 3 months prior to moving into Illinois. With some exceptions, NON-RESIDENTS who purchase

a vehicle in Illinois for registration in another state are not subject to tax if not titled in Illinois. Nonresidents are not entitled to this exemption if the vehicle will be titled in a state that does not give Illinois residents an exemption on their purchases in that state of vehicles that will be titled in Illinois (i.e. if there is no reciprocal exemption). Purchaser must acquire or affix driveaway permit or purchaser must affix non-Illinois license plates to remove from Illinois. Vehicles sold to an INTERSTATE CARRIER to be used for hire, governmental body, a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, with an active identification number issued by the Department are EXEMPT.

The gift, transfer, or purchase of a vehicle from a private party other than a retailer is subject to PRIVATE PARTY VEHICLE USE TAX (Form RUT-50) on the model year if the selling price was less than \$15,000, and on the selling price if \$15,000 or more. The PRIVATE PARTY VEHICLE USE TAX on gifts, transfers, or purchases of motorcycles and ATVs is \$25.00, and \$15.00 on motor vehicles when the gift, transfer, or purchase of any motor vehicle is between spouse, parent, brother, sister, or child. Effective September 1, 2021, a \$15.00 tax liability applies when a transfer is from one spouse to the other spouse in a dissolution of marriage and the transfer is made no later than 90 days from the date of a final, non-appealable order of dissolution of marriage. The Illinois Department of Revenue collects Chicago and Cook County's Local Vehicle Use Tax on non-retail transactions on Form RUT-50 as well. TAX EXEMPT when transferring to a surviving spouse.

NOTE: There are NO USE TAXES on PRIVATE PARTY TRANSFERS on mobile homes, trailers, and snowmobiles. You need a use permit. The gift, transfer, or non-retail purchase of an airplane or boat is subject to the AIRCRAFT or WATERCRAFT USE TAX, respectively, at the rate of 6.25% with no locally imposed taxes. The tax is based on the selling price or fair market value of the airplane or boat, whichever is greater. TAX EXEMPT when purchased from a non-retailer for use by an EXEMPT ORGANIZATION or INTERSTATE CARRIER for hire, is given to a SURVIVING SPOUSE, or is used in PRODUCTION AGRICULTURE. When a customer receives more than one vehicle from a dealer for their trade-in, and no money changes hands (even trade), a completed tax form is required with every Application for Title, regardless of whether taxes are due or not. The net purchase price is defined as the actual purchase price less the trade-in value(s). If the net purchase price is zero or less, then the tax due is zero.

To receive assistance with tax computation and for updates please contact the Illinois Department of Revenue at (800) 732-8866 or (217) 782-3336 or visit <https://mytax.illinois.gov/>. By mail contact Illinois Department of Revenue, Sales and Use Taxes, 101 W. Jefferson Street, Springfield, IL 62702 and on the

Internet www.tax.illinois.gov. Also consider accessing the Leveling the Playing Field for Illinois Retail Act and 86 Ill. Adm. Code 131.101 et seq.

OCCUPATION USE TAX/SALES TAX APPLICABLE TO REGISTRATION —

None. For information please contact the Illinois Department of Revenue at (800) 732-8866 or (217) 782-3336. By mail contact Illinois Department of Revenue, Sales and Use Taxes, 101 W. Jefferson Street, Springfield, IL 62702 and on the Internet www.tax.illinois.gov

LEASED VEHICLES — TAXES — All vehicles brought into Illinois to be titled and registered require an Illinois Use Tax Transaction Return (Form RUT-25) to be filed within 30 days of bringing the vehicle into the state. (Note: Taxes on vehicles purchased from an Illinois dealer are generally handled directly by the dealer.) For LEASED VEHICLES (periods of more than one year): Lessor is considered user of the vehicle and incurs Illinois Use Tax liability when vehicle is brought into the state. Effective January 1, 2015, the taxable “selling price” of motor vehicles of the first division and certain motor vehicles of the second division sold for the purpose of leasing the vehicles for a defined period of more than one year is based on the amount of the lease contract, with no credit for trade-ins. See the definition of “selling price” at 35 ILCS 120/1.

The Illinois Use Tax is due upfront at the time of applying for title and registration and is based on address of lessee where vehicle will be titled and registered. The STATE TAX rate is 6.25% but may include LOCAL TAXES up to 7.25% depending on location in the state. For a sale of a leased vehicle a Bill of Sale or other specific proof of the purchase price must be submitted with the Use Tax Return. Trade-in deduction (except in cases where the taxable selling price is the amount of the lease contract) and/or credit for sales tax previously paid in another state is allowed to reduce Illinois Use Tax but only if clearly and separately stated on the Bill of Sale or other proof of purchase.

For RENTAL VEHICLES (one year or less): Renter is considered user of vehicle. If renter is currently registered to collect AUTOMOBILE RENTING TAX in Illinois, vehicle is exempt from up front Illinois Use Tax, however a Use Tax Return is still required when applying for title and registration. Renter pays Automobile Renting Tax each month based on receipts received from renting. AUTOMOBILE RENTING TAX rate is 5% STATE, 1% LOCAL (if applicable), and 6% METROPOLITAN PIER AND EXPOSITION AUTHORITY (if applicable). No PERSONAL PROPERTY TAXES. MUNICIPAL OR COUNTY USE TAX on vehicles imposed by certain home rule municipalities or by Cook County, which, except for Chicago in some cases, are administered and collected by the municipality or county. For details on updates to the

Retailers' Occupation Tax Act and trailers please contact the state. The Illinois Department of Revenue administers collections of state taxes on vehicles. NOTE: Updates may be implemented please contact Taxpayer Assistance at (800) 732-8866 or (217) 782-3336. The issuance of titles and registrations of vehicles are administered by the Office of the Secretary of State. For more information, call (217) 782-6387 or visit https://mytax.illinois.gov/_/

DEPARTMENT'S RESPONSE:

The Department cannot approve third-party publications. You should consult the [Illinois Compiled Statutes](#), [Administrative Code](#), and [Department's publications](#) for information on these matters. However, recently enacted legislation may require a reevaluation of your explanation of Illinois sales tax.

Beginning February 1, 2022, when a retailer located outside of Illinois ships or delivers titled or registered items to purchasers in Illinois using its own delivery vehicle the delivery vehicle establishes a physical presence in Illinois and the retailer is a retailer maintaining a place of business in this State. In this situation, until January 1, 2025, the retailer incurred only a Use Tax collection obligation on the transaction. On and after January 1, 2025, such retailer incurs State and local retailers' occupation taxes at the rate in effect at the address to which the titled or registered item is delivered ("destination sourcing"). However, for a transaction in which an Illinois purchaser travels to an out-of-State location to take possession of an item that is required to be titled or registered with an agency of the State of Illinois, only Use Tax is incurred by the Illinois purchaser. 86 Ill. Adm. Code 131.110.

Beginning February 1, 2022 and until January 1, 2026, a retailer or marketplace facilitator making sales of tangible personal property, including titled and registered property, to purchasers in Illinois from outside of Illinois are engaged in the occupation of selling at retail in Illinois, for the purposes of the Retailers' Occupation Tax Act and the Use Tax Act, if the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are \$100,000 or more or if the remote retailer or marketplace facilitator enters into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois. Such retailers are liable for all applicable State and locally imposed retailers' occupation taxes and use tax administered by the Department on retail sales made by such retailers or marketplace facilitators. 35 ILCS 105/2, 35 ILCS 105/2d, and 35 ILCS 120/2. Beginning January 1, 2026, the 200 transaction threshold is no longer in effect. 35 ILCS 105/2, 35 ILCS 105/2d, and 35 ILCS 120/2 as amended by P.A. 104-0006.

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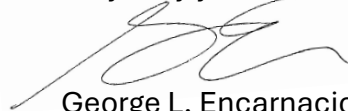
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Article 25 of Public Act 104-0006 provides that for sales sourced under the Act to the Illinois location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser, if the taxpayer fails to provide the information, schedules, or supporting documents necessary to determine such location, the Department shall, in lieu of imposing a penalty for an unprocessable return under the Uniform Penalty and Interest Act, assess tax on the gross receipts of such sales at the rate of 15%. 35 ILCS 120/4 as amended by P.A. 104-0006.

Article 35 of Public Act 104-0006 clarifies that the multistate exemption to prevent actual or likely multistate taxation of motor vehicles purchased by a nonresident does not apply if the purchaser of said motor vehicle is a limited liability company and a member of the limited liability company is a resident of Illinois. This presumption may be rebutted by other evidence, such as evidence the motor vehicle is insured for primary use at an address outside of Illinois or evidence that the motor vehicle will be permanently stored or garaged at a physical address outside Illinois. 35 ILCS 105/3-55((h)-(h-1.5)) as amended by P.A. 104-0006.

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Information Division at 800-732-8866.

Very truly yours,

A handwritten signature in black ink, appearing to read 'GE', is written over a light gray rectangular background.

George L. Encarnacion, Jr.
Associate Counsel

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