

ILLINOIS REGISTER

DEPARTMENT OF REVENUE

NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Automobile Renting Occupation Tax
- 2) Code Citation: 86 Ill. Adm. Code 180
- 3) Section Number: 180.140 Proposed Action: Amendment
- 4) Statutory Authority: Implementing the Automobile Renting Occupation and Use Tax Act [35 ILCS 155] and authorized by Section 2505-25 of the Civil Administrative Code of Illinois. (Department of Revenue Law) [20 ILCS 2505/2505-25].
- 5) A Complete Description of the Subjects and Issues Involved: This rulemaking implements the provisions of P.A. 103-592 that impose a \$1,000-per-month cap, effective January 1, 2025, on the discount automobile renters may claim when remitting taxes to the Department as reimbursement for the expenses incurred in keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request (“vendor’s discount”). The corresponding return on which the vendor’s discount is capped at \$1,000 per month is Form ART-1.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this proposed rulemaking replace an emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this proposed rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? Yes

<u>Section Numbers</u>	<u>Proposed Actions</u>	<u>Illinois Register Citations</u>
180.101	Amendment	48 Ill. Reg. 14909; October 18, 2024
180.120	Amendment	48 Ill. Reg. 14909; October 18, 2024
180.125	Amendment	48 Ill. Reg. 14909; October 18, 2024
180.130	Amendment	48 Ill. Reg. 14909; October 18, 2024
180.150	New Section	48 Ill. Reg. 14909; October 18, 2024

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11) Statement of Statewide Policy Objectives: These rules do not create or enlarge a mandate as described in Section 3(b) of the State Mandates Act.

12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to submit comments on this proposed rulemaking may submit them in writing by no later than 45 days after publication of this Notice to:

Samuel J. Moore
Illinois Department of Revenue
Legal Services Office
101 West Jefferson
Springfield, Illinois 62794
REV.GCO@illinois.gov
(217) 782-7055

13) Initial Regulatory Flexibility Analysis:

- A) Types of small businesses, small municipalities and not for profit corporations affected: Automobile renters who report less than \$914,286 per month in taxable gross receipts at a 6.25% sales tax rate are not affected.
- B) Reporting, bookkeeping or other procedures required for compliance: Basic accounting and computer skills.
- C) Types of professional skills necessary for compliance: Basic accounting and computer skills.

14) Small Business Impact Analysis:

- A) Types of businesses subject to the proposed rule:

44-45 Retail Trade
- B) Categories that the agency reasonably believes the rulemaking will impact, including:

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- ii. regulatory requirements;
- iii. purchasing;
- viii. record keeping

15) Regulatory Agenda on which this rulemaking was summarized: July 2024

The full text of the Proposed Amendment begins on the next page:

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Section 180.140 Monthly Tax Returns – When Due – Contents

- a) On or before the twentieth day of each calendar month, every person engaged in the business of renting automobiles in this State during the preceding calendar month shall file a return with the Department for such preceding month, stating the name of the rentor; his residence address and the address of the principal place of business (if that is a different address) from which he engages in the business of renting automobiles in this State. Under the same circumstances set out in 86 Ill. Adm. Code 130.510, the Department may authorize the filing of returns on an annual basis. However, all taxpayers are required to file monthly returns unless specifically authorized to file on an annual basis.

- b) The return shall:
 - 1) disclose total receipts for the month from the renting of automobiles; and
 - 2) itemize deductions authorized by law:
 - A) receipts from rentals to governmental bodies (federal, State, local or foreign) or to any organization which is exclusively charitable, religious or educational, or to any not-for-profit organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years or older;
 - B) receipts from rentals of automobiles under lease terms of more than one year;
 - C) receipts from rental transactions which are within the protection of the Commerce Clause of the Constitution of the United States;
 - D) receipts from rentals of automobiles under lease terms of one year or less to rentees who will re-rent those automobiles to others under lease terms of one year or less;

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- E) receipts from rentees in consideration of waivers of claims for loss or damage to automobiles rented;
 - F) receipts from separately stated charges for insurance;
 - G) receipts from separately stated charges for recovery of refueling costs; and
 - H) any other deductions authorized by law; however, no deduction may be taken on account of the cost of the property rented, the cost of materials used, labor or service or any other expense whatsoever.
- 3) disclose total deductions authorized by law;
 - 4) disclose total receipts from taxable transactions, including amounts collected from rentees in the form of Automobile Renting Use Tax or passed on because of the Automobile Renting Occupation Tax or passed on because of local Automobile Renting Occupation Taxes (i.e., Municipal, County, Regional Transportation Authority or Metro East Mass Transit District Automobile Renting Occupation Taxes);
 - 5) deduct the amount collected from rentees in the form of Automobile Renting Use Tax or passed on because of the Automobile Renting Occupation Tax or passed on because of local Automobile Renting Occupation Taxes;
 - 6) disclose the rental receipts subject to tax;
 - 7) disclose the amount of State tax due;
 - 8) disclose the balance of tax due; and
 - 9) disclose the amount of penalty (if any) that is due and the total of the tax and penalty due.
- c) As to the Automobile Renting Occupation Tax, the taxpayer may deduct 1.75%, not to exceed \$1,000 per month beginning on January 1, 2025, thereof

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as an allowance to reimburse the taxpayer for expenses incurred in keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. The minimum discount, over the entire period of any given calendar year, for any single taxpayer (if the taxpayer incurs that much tax liability) shall be \$5.00 for such calendar year. This allowance is available when the tax remitted is with a return that is filed when due under the Act, but is not available in any case in which the tax is paid late (with or without a return, and whether formally assessed by the Department or not).

(Source: Amended at 49 Ill. Reg. _____, effective _____)