

*i*nformational*Bulletin*

David Harris, Director

Rate Change for Out-of-State Depreciation on Motor Vehicle Use Tax, Effective July 1, 2024

To: All taxpayers filing use tax returns for vehicles on or after July 1, 2024

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

According to the Illinois Use Tax Act, taxpayers may claim a reasonable allowance for depreciation for out-of-State use on items that are purchased from a retailer, acquired and used outside of Illinois, and then brought into Illinois to be titled and registered here. [35 ILCS 105/3-10](#)

For motor vehicles brought into Illinois on or before June 30, 2024, the presumed average life expectancy of such motor vehicle is 50 months, and the depreciation rate is 2 percent (.02) for each whole month of out-of-State use. For motor vehicles brought into Illinois **on or after July 1, 2024, the presumed average life expectancy of such motor vehicle is 60 months, and the depreciation rate is 1.67 percent (.0167)** for each whole month of out-of-State use. [86 Ill. Adm. Code 150.110](#). The depreciation is calculated by taking the number of whole months the item is used out-of-State (e.g., 8/28/23 to 9/28/23 = whole month) and multiplying by the applicable depreciation rate.

The rates listed above should be utilized when calculating the depreciation allowed for each whole month an item was used outside of Illinois for the following use tax returns:

- RUT-25, Vehicle Use Tax Transaction Return
- RUT-25-X, Amended Vehicle Use Tax Transaction Return
- RUT-25-LSE, Use Tax Return for Lease Transactions
- RUT-25-LSE-X, Amended Use Tax Return for Lease Transactions

For additional information on properly claiming depreciation for out-of-State use on one of the tax forms listed above, see the updated [form instructions](#), available on our website at [tax.illinois.gov](#).

For information or forms

Visit our website at:

[tax.illinois.gov](#)

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Call:

1 800 732-8866

1 217 782-3336 or

1 800 544-5304 (TTY)