



# *informational*

## *Bulletin*

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## Changes Related to Motor Vehicle Transactions for Automobile Dealers

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**To: All registered automobile retailers**

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

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Public Act (P.A.) 104-0006 amends the Retailers' Occupation Tax Act, the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, and the Illinois Vehicle Code to:

- add a presumption that the nonresident purchaser (drive-away permit) exemption claimed on Forms ST-556 and ST-556-LSE does not apply to transactions where the purchaser is a limited liability company (LLC), and a member of the LLC is a resident of Illinois (**effective June 16, 2025**);
- provide that motor vehicles purchased for resale from private parties (non-retailers) by retailers registered under Section 2a of the Retailers' Occupation Tax Act are exempt from the Private Party Vehicle Use Tax (**effective June 16, 2025**); and
- change the rolling stock exemption for limousines to exclude vehicles subject to the provisions of the Transportation Network Providers Act (**effective July 1, 2025**).

### What change is being made to the exemption for sales and leases to nonresident purchasers (drive-away permit exemption)?

P.A. 104-0006 adds a presumption that the exemption for a motor vehicle that is sold in Illinois to a nonresident where the vehicle is not titled in Illinois **does not apply** if the purchaser is a nonresident LLC and a member of the LLC is a resident of Illinois.

**Note:** A purchasing nonresident LLC with a member who is a resident of Illinois may rebut the presumption that the exemption does not apply by providing evidence, such as proof the item is insured for primary use at an address outside of Illinois or proof that the item will be permanently stored or garaged at a physical address out of Illinois, to their selling retailer to properly claim the nonresident purchaser exemption.

### What change is being made related to transactions where registered motor vehicle retailers purchase vehicles from private parties for resale?

A Private Party Vehicle Use Tax is imposed on the privilege of using, in Illinois, any motor vehicle as defined in Section 1-146 of the Illinois Vehicle Code acquired in a non-retail transaction by gift, transfer, or purchase. P.A. 104-0006 clarifies that, if you are registered under Section 2a of the Retailers' Occupation Tax Act as a retailer of motor vehicles, when you purchase a motor vehicle from a private party for the purpose of resale, you are exempt from the Private Party Vehicle Use Tax. This does not change the fact that when the vehicle is then sold at retail, the registered retailer owes Retailers' Occupation Tax on that sale.

### What change is being made to the rolling stock exemption for limousines<sup>1</sup>?

Both Forms ST-556, Sales Tax Transaction Return, and ST-556-LSE, Transaction Return for Leases, provide an exemption from Illinois sales tax for certain items that are required to be titled or registered that are sold outright or sold for lease to be used for rolling stock to haul persons or commodities for hire in interstate commerce. On and after July 1, 2025, P.A. 104-0006 provides that the rolling stock exemption for limousines applies only if those limousines are **not** used to provide transportation network company services, as defined in the Transportation Network Providers Act ([625 ILCS 57/Act](#)). A transportation network company, also known as a rideshare service, is an entity operating in this State that uses a digital network or software application service to connect passengers to transportation network company services provided by transportation network company drivers, who typically use their private vehicles to provide the rideshare service.

### Where do I find more information?

See our website at [tax.illinois.gov](http://tax.illinois.gov) for form instructions, filing guides, and detailed exemption information.

<sup>1</sup>Limousine, as defined in Section 1-139.1 of the Illinois Vehicle Code, means any privately owned first division vehicle intended to be used for the transportation of persons for-hire when the payment is not based on a meter charge, but is prearranged for a designated destination.