



## Form RUT-25-LSE General Information

### Who must file Form RUT-25-LSE?

You must complete Form RUT-25-LSE, Use Tax Return for Lease Transactions, if you are titling or registering in Illinois a motor vehicle, watercraft, aircraft, trailer, mobile home, snowmobile, or all-terrain vehicle (ATV) that you leased through an unregistered out-of-state dealer or retailer. Do *not* use Form RUT-25-LSE for non-leased items purchased from an unregistered out-of-state dealer or retailer. Instead, use Form RUT-25, Vehicle Use Tax Transaction Return. Also, do *not* use Form RUT-25-LSE if you leased an item through an Illinois dealer. Instead, the dealer must complete Form ST-556-LSE, Transaction Return for Leases.

Out-of-state leasing companies should not use this form to report sales to an Illinois resident at the end of a lease. Instead, you must register with the Department and file Form ST-556, Sales Tax Transaction Return. For more information, see ST-556 (2), Instructions for Leasing Companies Selling at Retail.

**Note:** You must file Form RUT-25-LSE and submit proof of tax payment or proof of exemption before your title or registration will be issued.

### When is Form RUT-25-LSE due?

You must file Form RUT-25-LSE and pay the tax due within 30 days after the date the item is brought into Illinois.

### Need help?

Visit our website at [tax.illinois.gov](http://tax.illinois.gov) or call weekdays between 8 a.m. and 5 p.m. at **1 800 732-8866** or **217 782-3336**. Call **1 800 544-5304**, our TDD (telecommunications device for the deaf).

## Specific Instructions

### Step 1: Enter the leasing company's information

Enter the name, address, Federal Employer Identification Number (FEIN), and (if applicable) mailing address of the leasing company.

### Step 2: Enter the lessee's information

**Lines 1 through 3:** Enter the name and address exactly as it will appear on the Illinois registration application. The address must be the actual registered address of the party who will be using the leased item in Illinois.

**Line 4:** Check the appropriate box to indicate whether the address on Line 3 is in an unincorporated or rural area of the county.

**Line 5:** Enter the name of the municipality (*i.e.*, city, village, or town) where the item will be registered if the actual municipality is different from what is entered on Line 3.

**Line 6:** You must provide the name of the Illinois county where the item will be registered.

**Line 7:** If you entered St. Clair or Madison County on Line 6, you must provide the name of the lessee's township.

**Line 8:** Enter the lessee's daytime telephone number.

**Line 9:** Enter the lessee's Federal Employer Identification Number (FEIN) or Social Security Number (SSN).

### Step 3: Describe the item being leased

**Line 4:** Enter the appropriate identification number for the item being leased. Enter the vehicle identification number (VIN) for motor vehicles. Enter the hull identification number (HIN) for watercraft. Enter the aircraft identification number (N) for aircraft.

**Lines 5 and 6:** You must enter both the original purchase date of the item being leased *and* the date the item was brought into Illinois.

### Step 4: Mark the box that best describes your transaction *if* exempt from tax

- a Lease to a governmental body with an active Illinois Sales Tax exemption "E" number - Enter the governmental body's active "E" number on the line provided.

**Note:** The lessee must be the governmental body itself rather than a member or officer of the governmental body. The item must be paid for with the governmental body's funds. The governmental body's exemption number must have been in effect on the day you made the sale, and the lease must have been executed or in effect at the time of purchase.

- b Lease of farm machinery or equipment for use primarily in production agriculture or lease of a ready-mix concrete truck for use primarily in manufacturing tangible personal property for sale at retail.
- c Lease to an interstate carrier for use as rolling stock for hire to haul persons or commodities in interstate commerce - Keep a properly completed Form RUT-7, Rolling Stock Certification, in your records for documentation.

### Step 5: Indicate how you determined your selling price

Check the appropriate box to indicate whether the amount you enter in Step 6, Line 1, is comprised of the amount due at lease signing, plus the total of all regular lease payments, with no deduction for trade-ins, or whether this amount is the actual selling price of the item being leased.

**Rules of eligibility:** Illinois law requires taxpayers to calculate the tax due using the lease signing amount and total lease payments, with no deduction for trade-ins, when registering leased first division motor vehicles and certain qualifying leased second division motor vehicles. **This requirement regarding the alternate selling price applies only to leases entered into on or after January 1, 2015.** The lease must be a fixed-term lease contract for a period of more than one year. The qualifying leased second division motor vehicles are those with a gross vehicle weight rating of 8,000 pounds or less, those of a van configuration and designed to transport not less than seven or more than 16 passengers, and those which are self-contained and designed or permanently converted to provide living quarters for recreational, camping, or travel use and have direct walk-through access to the living quarters from the driver's seat.

For all other leases, you must use the actual selling price. This includes leases of non-qualifying items and leases of qualifying items under a lease contract that is not a defined period, including contracts with a defined initial period with the option to continue the lease on a month-to-month or other basis beyond the defined initial period.

**Note:** If, however, a qualifying vehicle is leased for a defined period (e.g., 24, 36, or 48 months) but the contract contains a provision regarding the "Return of the Vehicle" or a similar provision that allows for the lease to continue for a short period (i.e., 1 to 6 months) but only after the lessee (customer) fails to meet the original terms of the lease or only with further agreement by the leasing company, then this provision does not disqualify the lease from being eligible for the new alternative definition of "selling price."

### Step 6: Figure tax

**Round amounts** — Drop amounts of less than 50 cents, and increase amounts of 50 cents or more to the next higher dollar.

**Line 1:** If you checked Box a in Step 5, enter the amount of the lease contract, including the amount due at lease signing, plus the total amount of all lease payments. Include any charges factored into the lease contract, including, but not limited to extended warranty, registration fees, title fees, negative equity, rebates, cash down payments, and the first month's lease.

**Note:** The purchase price on which tax is calculated cannot be reduced by the amount of any trade-in. Therefore, if the amount of your lease contract has been reduced because of a trade-in, to figure out the amount to enter on Step 6, line 1, you must add the amount of any trade-in to the amount of the lease contract.

If you checked Box b in Step 5, enter the actual selling price, including amounts for accessories, federal excise taxes, freight and labor, documentary fees, and any rebates or incentives for which a dealer is reimbursed from any source.

Attach a copy of the bill of sale or lease contract, as appropriate, as proof of the selling price and of any tax previously paid. Tax paid must be clearly and separately stated. If you cannot obtain the proper documentation, you may submit a letter from the leasing company or selling dealer.

**Note:** If you leased a new truck that weighs 33,000 pounds or more or a new trailer or semitrailer chassis weighing 26,000 pounds or more, you may exclude the federal excise tax from the selling price.

**Line 2:** Enter the total trade-in credit or value. Note that, for purchases on or after January 1, 2020, for purposes of calculating your Use Tax due, you cannot claim trade-in credit exceeding \$10,000 for any first division motor vehicle that was traded in during the purchase being reported on Form RUT-25-LSE. Trade-in deduction is not allowed if you checked Box a in Step 5. Any amount claimed as trade-in credit must be shown on the dealer's bill of sale or proof of purchase. Do *not* deduct rebates.

**Line 4:** Depreciation is allowed for items that are leased and used outside of Illinois before being brought into Illinois. Calculate two percent (.02) per whole month from the date of purchase (e.g., 8/28/14 to 9/28/14 = whole month). Multiply the number of whole months by .02, and then multiply Line 3 by the result.

**Line 6:** Multiply Line 5 by the tax rate. The tax rate is determined by the address entered in Step 2, Line 3. Use 6.25 percent (.0625) unless otherwise instructed.

- For Cook County, use 7.25 percent (.0725).
- For DuPage, Kane, Lake, McHenry, and Will counties, use 7.0 percent (.07).
- For Madison and St. Clair counties, use 6.5 percent (.065), except outside the Metro East Transit District, for which use 6.25 percent (.0625).

**Line 7:** You may claim the amount of tax previously paid on this item either directly to another state or through a retailer. Enter the name of the state or retailer on the line provided. We will allow credit only if the tax previously paid was properly due to another state and is separately stated on the proof of the tax payment. You must attach proof of the tax that you previously paid.

**Note:** You owe a **late filing penalty** if you do not file a processable return by the due date, a **late payment penalty** if you do not pay the amount you owe by the original due date of the return, a **bad check penalty** if your remittance is not honored by your financial institution, and a **cost of collection fee** if you do not pay the amount you owe within 30 days of the date printed on a bill that we send you. For more information, see Publication 103, Penalties and Interest for Illinois Taxes, available on our website at [tax.illinois.gov](http://tax.illinois.gov).

### Step 7: Sign here

You must sign Form RUT-25-LSE. **Attach a separate payment for tax made payable to the "Illinois Department of Revenue."**

Send Form RUT-25-LSE and any attachments with your title or registration application and fees to the appropriate agency:

#### Motor vehicles:

OFFICE OF SECRETARY OF STATE  
VEHICLE SERVICE DEPARTMENT  
HOWLETT BUILDING  
SPRINGFIELD, IL 62756

#### Aircraft:

DEPARTMENT OF TRANSPORTATION  
DIVISION OF AERONAUTICS  
1 LANGHORNE BOND DRIVE  
SPRINGFIELD IL 62707-8415

#### Watercraft and snowmobiles:

DEPARTMENT OF NATURAL RESOURCES  
PO BOX 19226  
SPRINGFIELD, IL 62794-9226