What is the purpose of Form RUT-7?
Form RUT-7, Rolling Stock Certification for Motor Vehicles and Trailers (and Repair and Replacement Parts) Purchased on or after August 24, 2017, allows a purchaser to certify to the seller that the purchaser is allowed an exemption from Sales and Use Tax on certain motor vehicles and trailers that are utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce.

May a lessor claim the exemption?
Yes. Purchasers who will be leasing a motor vehicle or trailer may claim the exemption, provided the criteria outlined above in “Who may claim the exemption?” are met.

What if the item does not continue to be used as rolling stock?
The tax exemption will last as long as the motor vehicle or trailer continues to be used to transport persons or property for hire. When the motor vehicle or trailer no longer continues to be used as rolling stock, including no longer being leased for use as rolling stock, the purchaser must pay Use Tax on the selling price, allowing for a reasonable depreciation for the period during which the item qualified for the exemption.

How do I document the exemption?
To document the rolling stock exemption, you must properly complete Form RUT-7, including providing the USDOT number. A purchase that otherwise meets the requirements for exemption will only qualify if the purchaser can supply an active USDOT number of the interstate carrier with the carrier operation listed as “interstate” and the operation classification listed as “authorized for hire,” “exempt for hire,” or both (except for motor vehicles or trailers used at an airport to support the operation of an aircraft moving in interstate commerce).

What does not qualify for the exemption?
Only those items specifically used as rolling stock may qualify for the exemption. For example, items do not qualify for use as rolling stock when they are used only

- to transport company officers, employees, customers or others not for hire (even if the persons cross state lines);
- or
to transport property a business owns or is selling and delivering to customers (even if the items cross state lines).

In addition, even if the motor vehicle or trailer is used for hire and exceeds 16,000 pounds (for motor vehicles), it cannot be purchased exempt unless the interstate carrier holds the proper USDOT credentials (i.e., a USDOT number with a Carrier Operation of “Interstate” and an Operation Classification of “authorized for hire,” “exempt for hire,” or both).
When is the Form RUT-7 due?
A purchaser claiming the rolling stock exemption on a motor vehicle or trailer should provide to the seller a signed, properly completed Form RUT-7 at the time of sale. Both the purchaser and seller should keep a copy in their records to document the exemption.

Are there other returns that must be filed?
When a motor vehicle or trailer qualifying for the rolling stock exemption is sold by an Illinois dealer, the dealer reports the sale using Form ST-556, Sales Tax Transaction Return, or Form ST-556-LSE, Transaction Return for Leases. When a motor vehicle or trailer is purchased from an out-of-state dealer, the purchaser reports the sale using Form RUT-25, Vehicle Use Tax Transaction Return, or Form RUT-25-LSE, Use Tax Return for Lease Transactions. When a motor vehicle or trailer is purchased (or is acquired by gift or transfer) from an individual or other private party, the purchaser reports the sale using Form RUT-50, Private Party Vehicle Tax Transaction.

For purchases of repair and replacement parts, you must also select either 1 or 2 under either Single purchase or Blanket certification to indicate whether the full purchase is exempt or whether a percentage of the purchase is exempt. If 2 is selected, enter the percentage of the purchase that qualifies or will qualify for a rolling stock exemption. Blanket certifications expire after three years.

Note: Purchases of repair or replacement parts on or after August 24, 2017, are exempt only if they meet the current test for exemption, regardless of when the motor vehicle or trailer was purchased.

Step 5: Certification
The individual making the purchase must sign and date the certification, print his or her signed name, and as appropriate, provide the purchaser’s business name.