

**Illinois Department of Revenue  
Regulations**

**Title 86 Part 140 Section 140.124 Commercial Distribution Fee Sales Tax Exemption**

**TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 140  
SERVICE OCCUPATION TAX**

**Section 140.124 Commercial Distribution Fee Sales Tax Exemption**

- a) Qualifications for exemption through June 30, 2004. *Beginning on July 1, 2003 through June 30, 2004, sales of certain motor vehicles are not subject to the tax imposed under this Part if they meet all of the following tests:*
- 1) *The motor vehicle qualifies as a second division motor vehicle under Section 1-146 of the Illinois Vehicle Code. First division motor vehicles, such as those motor vehicles that are designed for the carrying of not more than 10 persons, do not qualify for the exemption (See 625 ILCS 5/1-146.);*
  - 2) *The motor vehicle has a gross vehicle weight in excess of 8,000 pounds; and*
  - 3) *The motor vehicle is subject to the Commercial Distribution Fee imposed under Section 3-815.1 of the Illinois Vehicle Code. [35 ILCS 115/2] The motor vehicle must be registered and remain registered in such a manner whereby it is subject to payment of the Commercial Distribution Fee imposed under Section 3-815.1 of the Illinois Vehicle Code [625 ILCS 5/3-815.1] and such fee is actually paid for any period in which the fee is in effect.*
- b) *Qualifications for exemption beginning July 1, 2004. Beginning on July 1, 2004 through June 30, 2005, sales of certain motor vehicles are not subject to the tax imposed under this Part if they meet all of the following tests:*
- 1) *The motor vehicle is a second division motor vehicle. First division motor vehicles, such as those motor vehicles that are designed for the carrying of not more than 10 persons, do not qualify for the exemption (See 625 ILCS 5/1-146.);*
  - 2) *The motor vehicle must have a gross vehicle weight rating in excess of 8,000 pounds. For purposes of this Section, Gross Vehicle Weight Rating means the value specified by the manufacturer or manufacturers as the maximum loaded weight of a single vehicle. (See 625 ILCS 5/1-124.5.);*
  - 3) *The motor vehicle is subject to the Commercial Distribution Fee imposed under Section 3-815.1 of the Illinois Vehicle Code. The motor vehicle must be registered and remain registered in such a manner whereby it is subject to payment of the*

Commercial Distribution Fee imposed under Section 3-815.1 of the Illinois Vehicle Code [625 ILCS 5/3-815.1] and such fee is actually paid for any period in which the fee is in effect; and

- 4) *The motor vehicle is used primarily for commercial purposes.* [35 ILCS 115/2] For purposes of this Section, a motor vehicle used for commercial purposes means any motor vehicle used to transport persons or property in the furtherance of any commercial or industrial enterprise, whether for-hire or not-for-hire.

COMMERCIAL PURPOSE EXAMPLE: A motor vehicle that is used for transportation to work, school, or recreational activities would not be used for commercial purposes.

- c) Documentation of exemption. To properly document the exemption, the seller must obtain a written certificate from the purchaser stating the following:
  - 1) the name, address, and telephone number of purchaser;
  - 2) the description and Vehicle Identification Number of the motor vehicle or motor vehicles being purchased;
  - 3) the name and address of seller;
  - 4) the date of purchase;
  - 5) a statement that the motor vehicle will be used primarily for commercial purposes and will be registered under Section 3-815(a) or 3-818(a) of the Illinois Vehicle Code or in such other manner whereby the registration of that motor vehicle will require the payment of the Commercial Distribution Fee imposed under Section 3-815.1 of the Illinois Vehicle Code and that such vehicle will remain validly registered in such a manner for subsequent registration years;
  - 6) the commercial purpose for which the vehicle will be used along with the purchaser's Illinois Business Tax (IBT) number or other business registration number; and
  - 7) the signature of purchaser.
- d) Liability for tax. If a purchaser claims the exemption provided in this Section and the vehicle is not considered subject to the Commercial Distribution Fee as described in subsection (a)(3) or (b)(3) of this Section or otherwise does not qualify for this exemption, the purchaser will be liable for the tax based upon the purchase price of that vehicle and any applicable penalties and interest from the date of purchase.
- e) Repair and replacement parts. The exemption provided in this Section may not be claimed for any repair part, replacement part, or other item attached or incorporated into the motor vehicle after the purchase of the motor vehicle. Such items may qualify for exemption from sales tax if the motor vehicle or trailer is used in a manner that qualifies for the rolling stock exemption. See 86 Ill. Adm. Code 130.340.

- f) Trailers. For purposes of this Section, a trailer that is subject to the Commercial Distribution Fee imposed under Section 3-815.1 of the Illinois Vehicle Code will qualify as a second division motor vehicle under subsection (a)(1) or (b)(1) of this Section. The term “trailer” includes a trailer as defined in Section 1-209 of the Illinois Vehicle Code, a semitrailer as defined in Section 1-187 of the Illinois Vehicle Code, and a pole trailer as defined in Section 1-161 of the Illinois Vehicle Code.

(Source: Added at 29 Ill. Reg. 7070, effective April 26, 2005)