

**Illinois Department of Revenue  
Regulations**

**Title 86 Part 153 Section 153.105 Nature of the Watercraft Use Tax**

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

**PART 153  
WATERCRAFT USE TAX**

**Section 153.105 Nature of the Watercraft Use Tax**

The Watercraft Use Tax is a privilege tax imposed on the privilege of using, in this State, watercraft acquired by gift, transfer, or non-retail purchase after September 1, 2004. The tax is imposed on the use of watercraft in this State regardless of whether the watercraft is actually registered under the Boat Registration and Safety Act. No trade-in credit will be allowed in a non-retail purchase transaction.

Examples:

- a) An Illinois resident purchases an 18-foot boat from an individual (non-retailer) in Missouri on October 1, 2004 for \$5,000, and brings the boat into Illinois on October 5, 2004. The fair market value of the boat at the time of purchase is \$5,000. Watercraft Use Tax is due on the \$5,000 purchase price of the boat. However, if the Illinois resident had purchased the boat from a non-retailer in Missouri on August 5, 2004 and brought the boat into Illinois on October 5, 2004, the purchase would not be subject to the tax imposed by this Part.
- b) A Chicago resident is given a used 20-foot boat and a motor on September 2, 2004 by his neighbor. Watercraft Use Tax is due on the fair market value of the boat, including the motor.
- c) A person living in Joliet, Illinois purchases a jet ski from his neighbor for \$3,000 on October 5, 2004. As part of the deal, he trades his \$2,000 pontoon boat for the jet ski and pays \$1,000 cash. The fair market value of the jet ski is \$3,000. The purchaser of the jet ski owes Watercraft Use Tax on the entire \$3,000 purchase price, and is not allowed to claim a trade-in credit. The purchaser of the pontoon boat also owes Watercraft Use Tax on the entire \$2,000 purchase price, and may not claim a trade-in credit.
- d) Three people each agree to purchase an undivided 1/3-share interest in a \$100,000 yacht from an individual (non-retailer) to be used in Illinois. At the time of the purchase, the fair market value of the yacht is \$100,000. Each individual shareholder incurs Watercraft Use Tax on his or her individual share. However, each shareholder is jointly and severally liable for the total taxes due on the entire \$100,000 purchase price of the yacht. See Section 153.110(c) of this Part.
- e) Corporation XYZ purchases a yacht for \$75,000 from an individual (non-retailer) for use in Illinois by giving consideration in the form of \$25,000 cash and \$50,000 in XYZ stock. The fair market value of the yacht is \$100,000. Watercraft Use Tax is incurred on the \$100,000 amount, unless the corporation can demonstrate that a different value is reasonable.

