

Illinois Department of Revenue  
1500 South Ninth Street  
Springfield, Illinois 62708

INFORMATION BULLETIN FY83-2

TO: All Registered Automobile Renting Taxpayers

SUBJECT: Automobile Renting Occupation and Use Tax Act  
Municipal, County, and Mass Transit District Taxes

Public Act 82-703 (S.B. 1007), which became effective on January 1, 1982, established the Automobile Renting Occupation and Use Tax Act. This Act imposes occupation and use taxes on the rental price of automobiles rented under lease terms of one year or less.

The rate of State tax is 4% of gross receipts from such rentals. In addition to the State tax, municipalities and counties may impose a local occupation tax not to exceed 1%. The Regional Transportation Authority may impose an occupation tax not to exceed 1% in Cook County and not to exceed 1/4% in DuPage, Kane, Lake, Will and McHenry Counties. The Metro-East Transit District may impose an occupation tax not to exceed 1%. All local and mass transit district taxes must be imposed by the adoption of local ordinances.

To date, approximately 250 municipalities have imposed Automobile Renting Tax (ART) ordinances. None of the 102 counties have imposed an ordinance, nor have the RTA or MED Boards.

The Department is finding that some taxpayers are collecting and remitting local and mass transit Automobile Renting Tax when there is no ordinance on file. In the absence of a valid ordinance you should not charge you rentees the local and mass transit taxes. If you have charged and collected these taxes in error, you should do one of the following:

1. IF YOU HAVE NOT YET REMITTED THE TAX TO THE DEPARTMENT, you may simply refund the overcharge to your rentee and remit the appropriate tax when due. If you choose not to make the refund, you must remit over-collected tax to the Department (ART Section 4 referencing ROT Article 8,f.)
2. IF YOU HAVE ALREADY REMITTED THE TAX TO THE DEPARTMENT and wish to recover the amount of the over-collection, you may file a claim for credit with the Department. To substantiate your claim, you must show either that you have refunded the over-collected tax to the rentee or that you have directly borne the burden of the tax. (ART Section 4 referencing ROT Article 16, 1.)

After the Department processes the September Automobile Renting Tax returns, we will notify all taxpayers who have remitted local and/or

mass transit tax for taxing jurisdictions without valid ordinances. The notice will include instructions for filing claims for credit.

You may yourself determine if your locality has imposed a local tax by examining your ART return. Automobile Renting Tax returns (ART-1) are computer-coded to reflect applicable local and mass transit ordinances and their effective dates. You will find this code in the small boxes just above Line 1, Gross Receipts. For a taxpayer located in Chicago, the code would be "MT 1.000% 04/82." This means there is a municipal tax ordinance passed by the City of Chicago effective April 1, 1982, imposing a 1% Municipal Automobile Renting Tax. Following is an example of the coding:

MT	1.000% 04/82		Column 1
1.Gross Receipts from Renting of Automobiles.....(1)			

Multiple location ART taxpayers, who file Schedule ART-2, will find the applicable local tax rates printed in the "Rate" columns of schedule.

Should you wish the most current information as to whether your municipality/county has imposed a local tax, please contact the locality directly or call the Department's Legal Services Bureau at 217/782-7054.

J. Thomas Johnson  
Director of Revenue

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