

Illinois Department of Revenue
Roger D. Sweet, Director
101 West Jefferson Street
Springfield, Illinois 62794

INFORMATIONAL BULLETIN FY88-2

TO: Retailers of Registered Vehicles

SUBJECT: Courtesy Deliveries

Occasionally it is more convenient for the purchaser of a vehicle to BUY it from one dealer and PICK IT UP from another. The second dealer is merely performing a courtesy for the buyer and seller-that is, making a "courtesy delivery."

There has been some confusion as to who is responsible for paying sales tax on courtesy-delivery vehicles. The purpose of this bulletin is to explain who SHOULD and who SHOULD NOT report and pay the sales tax on these vehicles.

WHO SHOULD PAY THE TAX?

- The selling dealer should pay if that dealer is located in Illinois.
- The BUYER should pay IF the selling dealer is located outside Illinois.
- The DELIVERY DEALER does NOT incur sales tax on a courtesy-delivery vehicle. Therefore, the delivering dealer should not file a return and pay the tax.

HOW DOES THE SELLING IN-STATE DEALER PAY THE TAX?

The selling dealer should complete a tax return, Form RR-556, and pay the tax in the same as for any other sale to an Illinois buyer.

HOW DOES THE BUYER PAY THE TAX (on an out-of State Purchase)?

The buyer should send a copy of the bill of sale to:

Illinois Department of Revenue
P.O. Box 19019
Springfield, IL 62794-9019

The buyer should be sure to include the Illinois address at which vehicle will be registered.

We will calculate the tax and send the buyer a statement of how much tax is due. When we receive the tax, we will send the buyer a receipt. They buyer may use the receipt, when applying for title and license, to prove that the tax has been paid.

The buyer has 30 days from the date of delivery to pay the tax.

WHAT CAN HAPPEN WHEN THE "WRONG" DEALER REPORTS THE TAX?

- The selling dealer can be billed for tax, penalty, and interest, even though tax was reported by the delivering dealer.
- The delivering dealer would have to file a claim for credit to recover tax erroneously paid.
- The local portion of the sales tax will almost certainly be sent to a local government which is not entitled to receive it.
- The buyer may actually pay the wrong amount of tax - either too much or too little.
- The issuance of the title and license may be delayed.

FOR MORE INFORMATION

If you have questions or need more information on this subject, please contact us. Our address and telephone numbers are at the top of this bulletin.

Roger D. Sweet
Director of Revenue

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