

■ Tax Reporting Changes for Aircraft and Watercraft Retailers

TO: Retailers of Aircraft or Watercraft

If you have aircraft or watercraft that you have purchased for resale in your sales inventory and you use these items for demonstration, business, or personal purposes, you must pay Illinois Use Tax on your cost price of these items if you hold them for more than one year after January 1, 1994.

If you need to pay Illinois Use Tax, call our Audit Bureau at 217 524-6337. We will then provide you with the proper form.

If you later sell the items and collect Illinois Sales Tax, you will not receive credit for any Illinois use tax you may have paid.

TO: Retailers of Watercraft

If you sell at retail watercraft and trailers that are required to be titled and registered with an agency of Illinois government, beginning with sales you make on or after January 1, 1994, you must report these sales on a transaction-by-transaction basis.

What watercraft must be titled and registered?

Watercraft that must be titled and registered include motorboats, sailboats, canoes, kayaks, and any other vessels used or capable of being used as a means of transportation on water as defined by the Illinois Department of Conservation.

How do I pay the tax?

You must collect and pay Illinois Sales Tax on Form ST-556, Sales Tax Transaction Return, for each watercraft sold. On Page 3 of this bulletin you will find a sample return.

What if the watercraft sale includes a trailer?

If you sell a watercraft with a trailer, you must report and pay sales tax on the watercraft and trailer separately.

For each item, you must complete a separate Form ST-556 and send it, along with an application for title and registration, to the appropriate Illinois titling agency. You must include separate checks for the tax due and the title and registration fee.

- To pay sales tax on watercraft and title and register them, you must send the payments and forms discussed above to the Illinois Department of Conservation.
- To pay sales tax on trailers and title and register them, you must send the payments and forms discussed above to the Office of the Secretary of State.

When is the tax due?

Your ST-556 return and payment must be delivered or postmarked no later than 20 days after the date of delivery.

How do I report nontitled items I sell along with titled watercraft?

If you sell accessories (including outboard motors) along with titled watercraft in the same transaction, you may report these sales together on Form ST-556, Sales Tax Transaction Return. If you do so, include the purchase price of these items in the total price in Section 6, Line 1.

If you sell accessories separately, you must report these sales on Line 4a, 6a, or 8a of Form ST-1, Sales and Use Tax Return.

I am a Form ST-556 filer in Cook, Du Page, Kane, Lake, McHenry, or Will County. What are my obligations to collect and pay Chicago Home Rule Use Tax?

If your customer's address for titling and registration purposes is within the corporate limits of the city of Chicago, you must collect and pay Chicago's 1 percent home rule use tax. The rate for this tax is included in the combined rate preprinted below Section 6, Line 4, of Form ST-556.

If you are subject to this tax, multiply the combined rate discussed above by the amount on Line 3, and write the result on Line 4.

Am I responsible for collecting and paying any other taxes on Form ST-1?

If you are located within a home rule unit of local government that imposes home rule sales tax, you must collect and pay home rule sales tax on sales of

- watercraft not required to be titled and registered and
- other general merchandise, such as parts and accessories.

This tax is included in the combined rate preprinted on Line 4a of your Form ST-1, Sales and Use Tax Return.

Questions?

If you have any questions, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.



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**FOR
INFORMATION...**

CALL: 1 800 732-8866 or 217 782-3336

1 800 544-5304 TDD teletype device **for hearing impaired only**

WRITE: Illinois Department of Revenue, 101 W. Jefferson St., P.O. Box 19044, Springfield, IL 62794-9044
