



Replacement Vehicle Tax Repealed

Informational Bulletin

June 2003

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Director of Revenue

For information or forms...

- ◆ Call us at:
1 800 732-8866 or
217 782-3336
- ◆ Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304
- ◆ Write us at:
Illinois Department of Revenue
P.O. Box 19044
Springfield, IL 62794-9044
- ◆ Visit our Web site at:
www.Iltax.com
- ◆ Call
"Illinois Tax Fax," our
fax-on-demand service, at:
217 785-3400
- ◆ Call
our 24-hour
Forms Order Line at:
1 800 356-6302

To:

- 1) Insurance Companies,
- 2) Retailers who file Form ST-556, Sales Tax Transaction Return, and
- 3) Individuals who file RUT-50, Vehicle Use Tax Transaction Return

Beginning July 1, 2003, the Replacement Vehicle Tax and sales and use tax exemptions related to this tax have been repealed.

How does this change affect insurance companies?

If you purchase a passenger car in Illinois on behalf of your insured person as part of a total loss claim, sales or use tax, whichever is applicable, must now be paid on the full purchase price.

- ◆ If you purchase the vehicle from an Illinois dealer, sales tax is due on the full purchase price of the vehicle, and should be reported to us by the dealer on Form ST-556, Sales Tax Transaction Return.
- ◆ If you purchase the vehicle from an individual, use tax is due, and should be reported to us on Form RUT-50, Vehicle Use Tax Transaction Return.

Note: Insurance companies may no longer file Form RVT-7, Replacement Vehicle Tax Return; this form is now obsolete.

How does this change affect registered Illinois automobile dealers?

You may **not** claim a deduction for a net insurance settlement amount on Line 2 of Form ST-556, Sales Tax

Transaction Return, for items sold on or after July 1, 2003. If you do, we will disallow the deduction and you may receive an assessment.

We are revising Form ST-556 to accommodate this change. Continue to use your current inventory of ST-556 forms until your new shipment arrives.

If you need to file an amended return for a transaction that occurred **before** July 1, 2003, you may take the Replacement Vehicle Tax deduction on Line 2 of your Form ST-556-X, Amended Sales Tax Transaction Return.

Questions?

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed on the left side of this bulletin.