



Illinois Department of Revenue

Informational Bulletin

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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:
tax.illinois.gov
- Call our 24-hour
Forms Order Line at:
1 800 356-6302

This bulletin is written to
inform you of recent
changes; it does not replace
statutes, rules and regula-
tions, or court decisions.

Recreational Vehicles and Cargo Trailers Sold to Indiana Purchasers & Exemption Change Reminder

To:
All retailers who file Form ST-556, Sales Tax
Transaction Return

Effective **July 1, 2006**, recreational vehicles or cargo trailers sold by Illinois dealers, with delivery in Illinois, but titling and registration in Indiana, are exempt from Illinois' Retailers' Occupation Tax and Use Tax if

- ◆ a drive-away permit is issued, or
- ◆ the Indiana purchaser has vehicle registration plates to transfer to the vehicle upon returning to Indiana.

What is a Recreational Vehicle?

For purposes of this exemption, a vehicle with or without motive power equipped exclusively for living quarters for persons traveling upon the highways. The term includes a travel trailer, a

motor home, a truck camper with a floor and facilities enabling it to be used as a dwelling, and a fifth wheel camper.

What is a Cargo Trailer?

A vehicle without motive power; designed for carrying property; designed for being drawn by a motor vehicle; and having a gross vehicle weight rating of at least 2,200 pounds.

How do I report these types of transactions on Form ST-556?

To properly claim this exemption, you must check **Section 5, Box F**, "Other" and write "recreational vehicle" or "cargo trailer" on the line provided. You must also complete Section 6, Lines 1, 2, and 3. If you do not follow the procedure described above, we may calculate a tax liability and issue an assessment.



Reminder:

Non-residents may not claim the "out-of-state" buyer exemption if the motor vehicle will be titled in a state that does not give Illinois residents an "out-of-state" buyer exemption on their purchases in that state of motor vehicles that will be titled in Illinois (i.e., there is no reciprocal exemption). This includes Indiana residents that are purchasing motor vehicles or trailer types other than recreational vehicles or cargo trailers. Please refer to our **Informational Bulletin FY 2005-13**. You will find a copy of this bulletin and the **Reciprocal Non-Reciprocal Tax Rate Reference List** on our web site. Rates are subject to change each January 1 and July 1.



Does this change apply to any other items reported on Form ST-556?

No. This change only applies to sales of recreational vehicles and cargo trailers sold by Illinois dealers that will be titled and registered in Indiana.

Does this change affect sales of watercraft or watercraft trailers?

If you sell a watercraft and a watercraft trailer to a resident of a state that does not give Illinois residents an “out-of-state buyer” exemption, you must continue to determine the price of each item separately and report them on separate returns (Form ST-556).

Effective July 1, 2006, watercraft trailers sold by Illinois dealers, with delivery in Illinois, but titling and registration in Indiana, are exempt from Illinois’ Retailers’ Occupation Tax if they meet the definition of a cargo trailer as outlined on Page 1 of this bulletin.

Note: You may not issue a drive-away decal for watercraft, ATV’s, snowmobiles, or any other vehicle that is not eligible for registration to be driven or moved upon the highways under the Illinois Vehicle Code. If your customer takes possession of these items in Illinois, Illinois tax is due.

Does this change affect how I report and document sales of items that are delivered to an out-of-state location?

No. Sales of items that you deliver or cause to be delivered to a customer

outside Illinois, are exempt from Illinois tax as sales in interstate commerce.

To properly claim this exemption, you must check **Section 5, Box F**, and write in the space provided “Delivered Out-of-State”. You must also complete Section 6, Lines 1, 2, and 3.

When you deliver an item to your customer outside Illinois, you must retain in your books and records a statement signed and dated by the recipient showing the out-of-state customer’s name and the address at which the delivery was accepted.

When you hire a common carrier or freight forwarder to deliver the item to your customer out-of-state, you must retain in your books and records a bill of lading documenting the transportation of that item.

May I accept resale certificates from out-of-state purchasers?

Yes. This change does not affect sale for resale transactions. When the buyer is registered or licensed as an out-of-state retailer or reseller, you may accept a resale certificate from them. To properly claim this exemption, you must check **Section 5, Box B** and write “Out-of-State Dealer” in the space provided. You must also complete Section 6, Lines 1, 2, and 3. Sale for resale transactions may be documented using our Form CRT-61, Certificate of Resale. Do not send Form CRT-61 to the department. Form CRT-61 should be kept in your books and records as documentation of the exempt transaction.

May I accept a Rolling Stock Certificate from an out-of-state purchaser?

Yes. This change does not affect the Rolling Stock Exemption. To properly claim this exemption, you must check **Section 5, Box D** and write the Certificate of Authority Number in the space provided. You must also complete Section 6, Lines 1, 2, and 3. The Rolling Stock Exemption may be documented using our Form RUT-7, Rolling Stock Certification. Do not send Form RUT-7 to the department. Form RUT-7 should be kept in your books and records as documentation of the exempt transaction.

May I sell vehicles being purchased by a lessor for lease in another state tax exempt?

Yes, you may claim the “out-of-state” buyer exemption if the motor vehicle is sold to a lessor that will title or register that vehicle to an out-of-state address, regardless of whether or not the other state is listed as having a reciprocal exemption. To properly claim this exemption, the name of the lessor and lessee, along with the non-Illinois address must appear in Section 1. You must check **Section 5, Box F**, and write in the space provided, the two letter state ID and “Lease Transaction”. You must also complete Section 6, Lines 1, 2, and 3.